

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Leonard M. Shulman – State Bar No. 126349 Lynda T. Bui – Bar No. 201002 Rika M. Kido – Bar No. 273780 SHULMAN HODGES & BASTIAN LLP 100 Spectrum Center Drive, Suite 600 Irvine, California 92618 Telephone: (949) 340-3400 Facsimile: (949) 340-3000 Email: lshulman@shbllp.com; lbui@shbllp.com; rkido@shbllp.com <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Sam S. Leslie, Chapter 7 Trustee	FOR COURT USE ONLY
---	--------------------

UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - RIVERSIDE DIVISION	
In re: AC INTERNATIONAL CORPORATION dba DIGIWEIGH, Debtor(s).	CASE NO.: 6:14-bk-14692-SY CHAPTER: 7 NOTICE OF SALE OF ESTATE PROPERTY

Last Day to Submit Bids: March 11, 2016	
Sale Date: Final Bidding Round/Court Hearing: 5/26/16	Time: 9:30 am
Location: United States Bankruptcy Court, 3420 Twelfth Street, Ctrm. 302, Riverside, CA 92501	

Type of Sale: ☒ Public ☐ Private **Last date to file objections:** 05/12/2016

Description of property to be sold: State Court Claim and Appeal (See Motion Attached)

Terms and conditions of sale: Pursuant to Bankruptcy Code §§ 363(b)(1) Purchase price of \$7,000.00, subject to overbids. See attached Motion for Bidding Procedures.

Proposed sale price: \$ 7,000.00

Overbid procedure (if any): Potential overbidders must bid an initial amount of at least \$500.00 over the consideration offered by the Buyers with minium bid increments after that of \$500.00. The overbidder must tender a bid deposit of \$1,000.00.
See attached Motion for more information.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

May 26, 2016 at 9:30 a.m.

Courtroom 302

U.S. Bankruptcy Court

3420 Twelfth Street

Riverside, CA 92501

Contact person for potential bidders (include name, address, telephone, fax and/or email address):

Rika M. Kido, Esq.

SHULMAN HODGES & BASTIAN LLP

100 Spectrum Center Drive, Suite 600

Irvine, CA 92618

Telephone: (949) 340-3400

Facsimile: (949) 340-3000

Email: rkido@shbllp.com

Date: 04/29/2016

MOTION

Leonard M. Shulman – State Bar No. 126349
Lynda T. Bui – Bar No. 201002
Rika M. Kido – Bar No. 273780
SHULMAN HODGES & BASTIAN LLP
100 Spectrum Center Drive, Suite 600
Irvine, California 92618
Telephone: (949) 340-3400
Facsimile: (949) 340-3000
Email: lshulman@shbllp.com; lbui@shbllp.com;
rkido@shbllp.com

Attorneys for Sam S. Leslie, Chapter 7 Trustee

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA, RIVERSIDE DIVISION

In re

AC INTERNATIONAL CORPORATION
dba **DIGIWEIGH,**

Debtor.

Case No. 6:14-bk-14692-SY

Chapter 7

**CHAPTER 7 TRUSTEE’S MOTION FOR
ORDER APPROVING THE SALE OF
STATE COURT CLAIM AND APPEAL
PURSUANT TO 11 U.S.C. § 363(b)(1),
SUBJECT TO OVERBIDS, COMBINED
WITH NOTICE OF BIDDING
PROCEDURES AND REQUEST FOR
APPROVAL OF THE BIDDING
PROCEDURES, AND GRANTING
RELATED RELIEF; MEMORANDUM OF
POINTS AND AUTHORITIES AND
DECLARATION OF SAM S. LESLIE IN
SUPPORT THEREOF**

Hearing Date:

Date: May 26, 2016

Time: 9:30 a.m.

Place: Courtroom 302

United States Bankruptcy Court
3420 Twelfth Street
Riverside, CA 92501

TABLE OF CONTENTS

I.	INTRODUCTION	4
II.	RELEVANT FACTS	4
III.	ARGUMENT	9
A.	The Pan Actions are Property of the Estate that the Trustee May Administer for the Benefit of Unsecured Creditors	9
B.	The Court May Authorize a Sale When There is a Sound Business Purpose	10
1.	Sound Business Purpose	10
2.	The Sale Serves the Best Interests of the Estate and Creditors	11
3.	Accurate and Reasonable Notice	11
4.	The Sale is Made in Good Faith	12
C.	The Court Has the Authority to Approve the Bid Procedures	12
D.	Sale of the Pan Actions is Fair and Equitable	13
1.	Probability of Success in Litigation	13
2.	Difficulties to be Encountered in the Matter of Collections	14
3.	The Complexity of the Litigation Involved, Expense, Inconvenience, and Delay	14
4.	The Paramount Interests of Creditors and Proper Deference to Reasonable Views	15
E.	The Court has the Authority to Waive the Fourteen-Day Stay of Sale.	15
IV.	CONCLUSION	15
	DECLARATION OF SAM S. LESLIE	17

TABLE OF AUTHORITIES

CASES

<i>Fitzgerald v. Ninn worx SR, Inc. (In re Fitzgerald),</i> 428 B.R. 872 (9th Cir. B.A.P. 2010).....	9, 13
<i>In re Crowthers McCall Pattner, Inc.,</i> 114 B.R. 877, 885 (Bankr. S.D.N.Y. 1990).....	10
<i>In re Energy Cooperative, Inc.,</i> 886 F.2d 921 (7th Cir. 1989)	13
<i>In re Lionel Corp.,</i> 722 F.2d 1063, 1069 (2d Cir. 1983).....	10
<i>In re Teltronics Services, Inc.,</i> 762 F.2d 185, 189 (2nd Cir. 1985).....	13
<i>In re Wilde Horse Enterprises, Inc.,</i> 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991).....	10, 12
<i>Martin v. Kane (In re A&C Props.),</i> 7894 F.2d 1377, 1381 (9th Cir. 1986).....	13
<i>Simantob v. Claims Prosecutor, L.L.C. (In re Lahijani),</i> 325 B.R. 282, 287 (9th Cir. B.A.P. 2005)	9, 13

STATUTES

11 U.S.C. § 102(1)	12
11 U.S.C. § 105(a)	12
11 U.S.C. § 363(b)	10
11 U.S.C. § 363(b)(1)	4, 12, 17, 19
11 U.S.C. § 363(m).....	12

RULES

Fed. R. Bankr. Pro. 2002(c)(1)	11
Fed. R. of Bankr. Pro. 6004(h).....	15, 16

**TO THE HONORABLE SCOTT H. YUN, UNITED STATES BANKRUPTCY
JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, AND CREDITORS AND
PARTIES-IN-INTEREST:**

Sam S. Leslie, Chapter 7 Trustee (“Trustee”) for the bankruptcy estate (“Estate”) of AC International Corporation, a California corporation dba Digiweigh (“Debtor”), brings this Motion for Order Approving the Sale of State Court Claim and Appeal Pursuant to 11 U.S.C. § 363(b)(1), Subject to Overbids, Combined With Notice of Bidding Procedures and Request for Approval of the Bidding Procedures and Granting Related Relief (“Motion”) as follows:

I. INTRODUCTION

The Trustee has received an offer from Jinfang Pan aka Edward Pan and Ping Pan (“Buyers”) to purchase the Edward State Court Claims¹ and the Estate’s interest in the Ping Appeal (“Pan Actions”) for \$7,000.00, subject to overbids. The offer by the Buyers is the best offer the Estate has received for the Pan Actions, and is the result of negotiations between the Trustee and the Buyers for the highest and best offer. The expenses to be incurred if the Estate were to pursue the Edward State Court Claims and/or the Ping Appeal would most likely exceed any additional benefit that may be achieved. Further, prosecution of the Pan Actions requires the Debtor’s assistance (i.e. the principal of the Debtor) and given his refusal to cooperate with the Trustee, prosecution of the Pan Actions would likely be difficult, if not impossible. Through the sale, the Trustee is expected to generate proceeds of \$7,000.00 for the benefit of the Estate and its creditors. Further, in the event the purchase price is increased by a successful overbid, the estimated net proceeds will increase and provide greater distribution to creditors.

II. RELEVANT FACTS

A. Case Commencement

Debtors filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code on April 10, 2014 (“Petition Date”), initiating Case No. 6:14-bk-14692-SY (“Bankruptcy Case”).

///

///

¹ All capitalized terms are defined below.

On January 21, 2015 (Docket No. 147), the Court entered an order directing the United States Trustee to appoint a Chapter 11 trustee. The United States Trustee appointed Sam S. Leslie as the Chapter 11 trustee, which appointment was approved by the Court pursuant order entered January 27, 2015 (Docket No. 156).

Given the absence of any prospect for a traditional reorganization under Chapter 11 and given uncertainties about the state of the business and the ability to pay Chapter 11 administrative expenses, the Trustee filed an emergency motion to convert the case to one under Chapter 7 (Docket No. 160) and the order granting that motion was entered on February 5, 2015 (Docket No. 175). Sam S. Leslie is the duly appointed, qualified, and acting Chapter 7 trustee for the Estate.

B. Edward State Court Action

On September 22, 2011, the Debtor filed a Complaint (“Edward Complaint”) against Jinfang Pan aka Edward Pan and several other defendants in the Superior Court of California for the County of San Bernardino, titled *AC International Corp., a California corporation v. Jinfang Pan aka Edward Pan, an individual, Lingling Zhuang Pan aka Lillian Zhang Pan, an individual; JFLY Marketing Corp., a California corporation; ECOPRO Group, Inc., a California corporation; Prime Scales Group, an unknown business form; Elite Scales, an unknown business form; Certified Scale, an unknown business form; H.M. Distributors, Inc., a California corporation; Brytun Lighting Corp., a California corporation and DOES 1-100, inclusive*, Case No. CIV RS 1108499 (“Edward State Court Action”). (See Declaration of Sam S. Leslie (“Leslie Decl.”), Exhibit (“Ex.”) 1)

The Edward Complaint alleges causes of action for: (1) breach of fiduciary duty; (2) misappropriation of trade secrets; (3) intentional interference with prospective economic advantage; (4) negligent interference with prospective economic advantage; (5) conversion; (6) for money had and received; (7) imposition of constructive trust and accounting; (8) action against corporation and its controlling shareholder(s) on corporate obligation – corporation as alter ego of controlling shareholder(s); and (9) breach of oral contract. *Id.*

///

On December 9, 2011, Edward, Lingling Zhang Pan (“Lingling”) and Brytun Lighting Corp. (“Brytun”) filed their Answers to the Edward Complaint. (*See* Leslie Decl., Ex. 2)

On the Debtor’s Schedule B, the Debtor lists a “claim against Jinfang Pan for unfair competition and embezzlement.” Further, on the Debtor’s Statement of Financial Affairs (“SOFA”), Question No. 4, the Debtor lists the Edward State Court Action. On its SOFA, the Debtor describes the Edward State Court Action as a civil complaint for violation of trade secrets and embezzlement. The status of the Edward State Court Action is listed as “pending.”

On March 14, 2016, a status conference is scheduled in the Edward State Court Action regarding the status of the Bankruptcy Case. (*See* Leslie Decl., Ex. 2)

C. Ping Appeal

On February 9, 2012, Ping Pan filed a Verified Complaint for Damages (“Ping Complaint”) against the Debtor in the Superior Court of California for the County of San Bernardino, titled *Ping Pan v. AC International Corporation*, Case No. CIVS RS 1204048 (“Ping State Court Action”). The Ping Complaint alleges causes of action for: (1) breach of contract; (2) account stated; (3) open book account; and (4) quantum valebant.

On March 25, 2014, the State Court filed a Statement of Decision and Judgment in the Ping State Court Action regarding the bench trial held on February 18, 2014 and February 20, 2014 (“Statement of Decision”). That same day, the State Court entered a judgment in favor of Ping and against the Debtor as to unjust enrichment in the amount of \$1,146,045.70. Consistent with the forgoing, on the Debtor’s SOFA, Question No. 4, the Debtor lists the following state court action, *Ping Pan v. AC International Corporation*, Case No. CIVRS 1201048 (“Ping Pan Lawsuit”), filed in the Superior Court of California, County of San Bernardino, Rancho Cucamonga Court. On its SOFA, the Debtor describes the Ping Pan Lawsuit as a civil complaint for unjust enrichment. The status of the Ping Pan Lawsuit is listed as a judgment for plaintiff entered on March 25, 2014.

///

///

///

On the Debtor's Schedule D, the Debtor lists Ping Pan as a creditor and states that he has a statutory lien per California Code of Civil Procedure Section 708.410. The Debtor includes a statement that it has a "claim against Jinfang Pan for unfair competition and embezzlement." Further, on the Debtor's Schedule F, the Debtor lists a judgment in favor of Ping Pan in the amount of \$1,146,045.00.

On May 7, 2014, the Debtor filed a Notice of Appeal in the California Appellate Court, 4th Appellate District, Division 2, commencing *Pan v. AC International Corporation*, Case Number E061100 ("Ping Appeal"). (See Leslie Decl., Ex. 3)

D. Basis for Value of the Property

Initially, the Trustee considered to abandoning the Estate's interest in the Pan Actions back to the Debtor. (Leslie Decl., ¶ 7) The Trustee concluded that the costs associated with litigating the Pan Actions outweigh the potential benefit to the Estate. The prosecution of the Pan Actions requires the Debtor's assistance (i.e. the principal of the Debtor) and given his refusal to cooperate with the Trustee, prosecution of the Pan Actions would likely be difficult, if not impossible. As is typical when evaluating claims, the Trustee has determined that the value is the price in which the buyer is willing to purchase the asset. In this case, the Buyers are willing to purchase the Pan Actions for \$7,000.00, subject to overbids.

E. The Purchase Offer and Summary of the Sale Terms

After negotiations with the Trustee, the Buyers have offered to purchase the Pan Actions for \$7,000.00. Attached as **Exhibit "4"** to the Declaration of Sam S. Leslie ("Leslie Decl.") is a true and correct copy of the Purchase and Sale Agreement ("Agreement").

A summary of the Agreement's terms are outlined below, but the summary and discussion are not meant to be a complete review of every provision of the Agreement. The Agreement itself is the legally binding document the Trustee seeks approval of. In the event of any inconsistency between the terms of the Agreement and this Motion, the Agreement alone shall govern. In summary, the principal terms of the sale are as follows (the Trustee is referred to at times as the "Seller" in the following summary):

///

Buyers:	Ping Pan and Jinfang Pan aka Edward Pan
Purchase Price:	\$7,000.00, subject to the Bidding Procedures set forth below. \$1,000.00 deposit. Balance of purchase price is due immediately upon entry of the Final Order.
Warranties	Each party warrants that: she/he/it has full authority to enter into this Agreement; that she/he/it has not assigned or conveyed her/his/its rights to any claim released herein to any other person; that she/he/it is executing this Agreement voluntarily and providing consent unaffected by duress or undue influence; that she/he/it has read this entire Agreement, paragraph by paragraph, and executes it only after being fully advised by counsel; that she/he/it fully understands the meaning of each term in this Agreement and fully understands that this Agreement is a full, final, and complete and integrated Agreement which can only be modified in a written document signed by all of the executing Parties; that she/he/it has neither received nor relied on any promises or representations outside the terms of this Agreement and agrees that none may be offered as evidence of the executing Parties' intentions herein.
"As-Is" Sale	Buyers acknowledge that they are purchasing the Estate's interest in the Edward State Court Action and Ping Appeal on an "as is, where is" basis, without any warranties, either express or implied. Buyers forever waive, for themselves, their heirs, successors and assigns, all claims against the Trustee, his attorneys, agents and employees, arising or which might otherwise arise in the future concerning the Estate's interest in the Edward State Court Action and Ping Appeal.
Bankruptcy Court Approval	The sale is expressly subject to Bankruptcy Court approval in the Debtor's bankruptcy case.
Jurisdiction of the Bankruptcy Court	Any and all disputes in connection with the Agreement are subject to the exclusive jurisdiction and venue of the United States Bankruptcy Court.
Sale Subject to Overbidding	The sale of the Pan Actions is subject to the Bid Procedures described below.

F. Notice of Bidding Procedures

The Trustee has determined that it would benefit the Estate to permit all interested parties to receive information and bid for the Pan Actions, instead of selling the Pan Actions to the Buyers on an exclusive basis. Accordingly, in order to obtain the highest and best offer for the benefit of the creditors of this Estate, the Trustee is utilizing and also seeks Court approval of the following bid procedures ("Bidding Procedures"):

1. Overbids shall be in minimum increments of \$500.00. The overbidder must tender a Bid Deposit of \$1,000.00 in the form of certified funds to the Trustee's counsel on or before the Sale Hearing in order to bid for the Estate's interest in the Pan Actions. If the overbidder is the successful bidder for the Pan Actions at the Sale Hearing, the Bid Deposit of said overbidder shall be non-refundable and forfeited, if the successful overbidder fails to consummate the sale.

2. Overbids must be in writing and be received by the Trustee and the Trustee's counsel, Shulman Hodges & Bastian LLP to the attention of Rika M. Kido on or before **three (3) business days prior to the hearing on this Sale Motion.**

1 3. Overbids must be accompanied by certified funds in the **amount of \$1,000.00**.

2 4. The bidder must also provide evidence of having sufficient specifically committed
3 funds to complete the transaction or a lending commitment for the bid amount and such other
4 documentation relevant to the bidder's ability to qualify as the purchaser of the Pan Actions and
ability to close the sale and immediately and unconditionally pay the winning bid purchase price
at closing.

5 5. The overbidder must seek to acquire the Pan Actions on terms and conditions not
6 less favorable to the Estate than the terms and conditions to which the Buyers has agreed to
purchase the Pan Actions as set forth in the Agreement attached as **Exhibit "4"** to the Leslie
Decl.

7 6. All competing bids must acknowledge that the Pan Actions are being sold on an
8 "AS IS" basis without warranties of any kind, expressed or implied, being given by the Seller.
9 The competing bid buyer must represent and warrant that he/she is purchasing the Pan Actions as
a result of their own investigations.

10 7. If overbids are received, the final bidding round for the Property shall be held at
11 the hearing on the Sale Motion in order to allow all potential bidders the opportunity to overbid
and purchase the Pan Actions. At the final bidding round, the Trustee or her counsel will, in the
12 exercise of their business judgment and subject to Court approval, accept the bidder who has
made the highest and best offer to purchase the Pan Actions, consistent with the Bidding
Procedures ("Successful Bidder").

13 8. In the event the Successful Bidder fails to close on the sale of the Pan Actions
14 within the time parameters approved by the Court, the Trustee shall retain the Successful
Bidder's Deposit and will be released from his obligation to sell the Pan Actions to the
15 Successful Bidder and the Trustee may then sell the Pan Actions to the First Back-Up Bidder
approved by the Court.

16 9. In the event First Back-Up Bidder fails to close on the sale of the Pan Actions
17 within the time parameters approved by the Court, the Trustee shall retain the First Back-Up
Bidder's Deposit and will be released from his obligation to sell the Pan Actions to the First
18 Back-Up Bidder and the Trustee may then sell the Pan Actions to the Second Back-Up Bidder
approved by the Court.

19 III. ARGUMENT

20 A. The Pan Actions are Property of the Estate that the Trustee May Administer for the 21 Benefit of Unsecured Creditors

22 Causes of action owned by the trustee are intangible items of property of the estate that
23 may be sold. 11 U.S.C. § 541(a)(1); *Fitzgerald v. Ninn worx SR, Inc. (In re Fitzgerald)*, 428
24 B.R. 872 (9th Cir. B.A.P. 2010); *Simantob v. Claims Prosecutor, L.L.C. (In re Lahijani)*, 325
25 B.R. 282, 287 (9th Cir. B.A.P. 2005). These include causes of action owned by the debtor as of
26 the filing of the case. *Id.*

27 ///

28

The Edward State Court Action is a pre-petition cause of action brought by the Debtor against Edward Pan in State Court. The Ping Appeal is pre-petition appeal of the Ping Pan Lawsuit brought by the Debtor against Ping Pan in the California Appellate Court. Accordingly, the Trustee has the authority to sell the Pan Actions to the Buyers.

B. The Court May Authorize a Sale When There is a Sound Business Purpose

The Trustee may sell property of the estate outside of the ordinary course of business. 11 U.S.C. § 363(b). In order to sell property outside of the ordinary course, the Trustee must show that there is a sound business purpose for the sale, that the sale is in the best interests of the estate, that there is accurate and reasonable notice to creditors, and that the sale is made in good faith. *In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d 1063, 1069 (2d Cir. 1983). Business justification would include the need to close a sale to one of very few serious bidders where an asset has been shopped and a delay could jeopardize the transaction. *See, e.g., In re Crowthers McCall Pattner, Inc.*, 114 B.R. 877, 885 (Bankr. S.D.N.Y. 1990) (extreme difficulty finding a buyer justified merger when buyer found). As outlined below, Trustee's proposed sale of the Pan Actions meet the foregoing criteria.

1. Sound Business Purpose

The Ninth Circuit has adopted a flexible, case-by-case test to determine whether the business purpose for a proposed sale justifies disposition of property of the estate under Section 363(b). *In re Walter*, 83 B.R. 14 (B.A.P. 9th Cir. 1988). In *Walter*, the Ninth Circuit set forth the following standard to be applied under Bankruptcy Code Section 363(b):

Whether the proffered business justification is sufficient depends on the case. As the Second Circuit held in *Lionel*, the bankruptcy judge should consider all salient factors pertaining to the proceeding and, accordingly, act to further the diverse interests of the debtor, creditors and equity holders, alike. He might, for example, look to such relevant factors as the proportionate value of the assets to the estate as a whole, the amount of lapsed time since the filing, the likelihood that a plan of reorganization will be proposed and confirmed in the near future, the effect of the proposed disposition on future plans of reorganization, the proceeds to be obtained from the disposition vis-a-vis any appraisals of the property, which of the alternatives of use, sale or lease the proposal envisions and, most importantly perhaps, whether the asset is increasingly or decreasing in value. This list is not intended to be exclusive, but merely to provide guidance to the bankruptcy judge.

1 *Walter*, 83 B.R. at 19-20 (quoting *Continental*, 780 F.2d at 1226).

2 Here, the facts surrounding the sale support the Trustee's business decision that the
3 proposed sale of the Pan Actions are in the best interests of the Estate and its creditors. Through
4 the sale, the Trustee expects to generate net proceeds in the amount of \$7,000.00. The estimated
5 net proceeds will benefit the Estate by providing funds for distribution to unsecured creditors. If
6 the Motion is not approved, then there will be a substantial loss to the Estate in that the Trustee
7 does not intend to pursue the Pan Actions. The costs associated with litigating the Pan Actions
8 outweighing any potential benefit to the Estate, as discussed further below. In such event, the
9 Estate will not receive any benefit from the Pan Actions. Furthermore, the Trustee believes that
10 the proposed sale will be at fair market value because it is the best offer the Estate has received
11 thus far for the Pan Actions, and the sale is subject to overbids. Accordingly, the Trustee
12 respectfully submits that a good business purpose exists for granting the Motion in that it will net
13 the Estate \$7,000.00.

14 **2. [The Sale Serves the Best Interests of the Estate and Creditors](#)**

15 The Trustee believes that it would be in the best interest of the Estate and its creditors to
16 sell the Pan Actions. The benefits to the Estate, as set forth above, are significant as the
17 proposed sale will yield an estimated \$7,000.00 to the Estate. If the Motion is not approved, the
18 Estate will not receive the sale proceeds and will likely lose the Buyers. The Trustee does not
19 want to lose this beneficial business opportunity. Thus, the Trustee has made a business decision
20 that it is in the best interest of the Estate that this Motion be approved.

21 **3. [Accurate and Reasonable Notice](#)**

22 It is expected that notice of this Motion will satisfy the requirements for accurate and
23 reasonable notice. The notice requirements for sales are set forth in Federal Rules of Bankruptcy
24 Procedure ("FRBP") 6004 and 2002. The notice must include the time and place of any public
25 sale and/or the terms and conditions of any private sale, the time fixed for filing on objections,
26 and a general description of the property. Fed. R. Bankr. P. 2002(c)(1).

27 ///

28 ///

1 In compliance with FRBP 2002 and 11 U.S.C. § 102(1), the Trustee shall provide notice
2 of the proposed sale of the Pan Actions to creditors and parties in interest (“Notice”). The Notice
3 will include a summary of the terms and conditions of the proposed sale, the time fixed for filing
4 objections, and a general description of the Pan Actions. The Trustee submits that the notice
5 requirements will be satisfied, thereby allowing creditors and parties in interest an opportunity to
6 object to the sale. Hence, no further notice should be necessary.

7 **4. The Sale is Made in Good Faith**

8 The proposed sale has been brought in good faith and has been negotiated on an “arm’s
9 length” basis. The court in *Wilde Horse Enterprises* set forth the factors in considering whether
10 a transaction is in good faith. The court stated:

11 “Good faith” encompasses fair value, and further speaks to the integrity of the
12 transaction. Typical ‘bad faith’ or misconduct, would include collusion between
13 the seller and buyer, or any attempt to take unfair advantage of other potential
14 purchasers. . . . And, with respect to making such determinations, the court and
creditors must be provided with sufficient information to allow them to take a
position on the proposed sale.

15 *Id.* at 842 (citations omitted).

16 In the present case, the negotiation of the proposed sale was an arms-length transaction.
17 The sale price for the Pan Actions is the highest and best offer the Trustee has received.
18 Additionally, the Buyers have filed a declaration in support of the Motion confirming their status
19 as good faith buyers pursuant to Section 363(m) of the Bankruptcy Code. Accordingly, the
20 Trustee requests that the Court find that the Buyers are good faith purchasers under Bankruptcy
Code Section 363(m).

21 **C. The Court Has the Authority to Approve the Bid Procedures**

22 Bankruptcy Code Section 363(b)(1) provides that a trustee “after notice and hearing, may
23 use, sell or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C.
24 § 363(b)(1). Furthermore, under Bankruptcy Code Section 105(a), “[t]he court may issue any
25 order, process, or judgment that is necessary or appropriate to carry out the provisions of this
26 title.” 11 U.S.C. § 105(a). Thus, pursuant to Bankruptcy Code Sections 363(b)(1) and 105(a),
27
28

this Court may approve the Bidding Procedures, which assist the Trustee to obtain the best possible price, on the best possible terms, for the Pan Actions.

D. Sale of the Pan Actions is Fair and Equitable

When a sale amounts to an acquisition of causes of action by a defendant, it must also be analyzed as a compromise and the court has an independent duty to determine whether such “compromise” is “fair and equitable.” *In re Fitzgerald*, 428 B.R. at 884 (9th Cir. B.A.P. 2010); *In re Lahijani*, 325 B.R. at 290 (9th Cir. B.A.P. 2005). In determining whether a sale is fair and equitable, courts apply the fair and equitable settlement standard under FRBP 9019, which requires consideration of: (1) the probability of success in litigation, (2) collectability, (3) complexity, expense, inconvenience, and delay attendant to continue litigation, and (4) the interest of creditors, which are paramount. *Id.*; *Martin v. Kane (In re A&C Props.)*, 7894 F.2d 1377, 1381 (9th Cir. 1986). The Court is not required to decide disputed questions of fact and law raised by the litigation, but to canvass the issues to see whether the “settlement falls below the lowest point in a range of reasonableness.” *In re Teltronics Services, Inc.*, 762 F.2d 185, 189 (2nd Cir. 1985). The benchmark in determining the propriety of a settlement is whether the settlement is in the best interests of the estate and its creditors. *In re Energy Cooperative, Inc.*, 886 F.2d 921, 927 (7th Cir. 1989). As set forth further below, the Trustee submits that the sale of the Pan Actions are fair and equitable and in the best interest of the Estate and its creditors.

1. Probability of Success in Litigation

The Trustee’s probability of prevailing on the Pan Actions is highly uncertain and limited because the Debtor (i.e. the principal of the Debtor) has refused to cooperate with the Trustee, making the prosecution of the Pan Actions extremely difficult, if not impossible. As it stands, if the Trustee proceeds with litigation of the Pan Actions, the Trustee will be required to meet his burden of proof to substantiate the fact-intensive claims alleged in the Pan Actions without any assistance from the Debtor, who alone has knowledge of the facts. Further, the Ping Appeal requires the Trustee to step into the shoes of the Debtor in appealing a judgment entered against the Debtor pre-petition with little or no information regarding the grounds for appeal. Accordingly, given the Trustee’s difficulties in substantiating the assertions made in the Edward

State Court Claims and Ping Appeal, the likelihood of prevailing in litigation is slim and this factor weighs in favor of approving the Agreement.

2. Difficulties to be Encountered in the Matter of Collections

Collections in this case would be against the Buyers. The Trustee has not fully evaluated the financial stability of the Buyers. However, if any damages are awarded in favor of the Trustee, the Trustee will be required to extend the costs and efforts to pursue collection against the Buyers. Such time and costs are unnecessary as the Agreement provides for direct payment to the Trustee. Accordingly, this weighs in favor of settling.

3. The Complexity of the Litigation Involved, Expense, Inconvenience, and Delay

The Edward Complaint alleges causes of action for: (1) breach of fiduciary duty; (2) misappropriation of trade secrets; (3) intentional interference with prospective economic advantage; (4) negligent interference with prospective economic advantage; (5) conversion; (6) for money had and received; (7) imposition of constructive trust and accounting; (8) action against corporation and its controlling shareholder(s) on corporate obligation – corporation as alter ego of controlling shareholder(s); and (9) breach of oral contract. The Edward Complaint is thus both legally and factually complicated. If the Trustee proceeds through litigation, it will be extremely difficult to satisfy his burden of proof to substantiate the fact-intensive claims alleged in the Complaint by only conducting discovery of the defendants to the Edward State Court Action.

The Ping Appeal is also complex in that it relates to the appeal of the judgment entered in the amount of \$1,146,045.70 against the Defendant and in favor of Ping Pan in the Ping Pan Lawsuit for unjust enrichment (“Judgment”). The Judgment was entered following a two-day bench trial. On May 7, 2014, the Debtor filed the Ping Appeal. Other than filing a Notice of Appeal, no other pleadings were filed in the Ping Appeal. It is unclear why the Ping Appeal was filed (or on what grounds the Debtor believes the Judgment is appealable). Given the Debtor’s refusal to cooperate with the Trustee, the prosecution of the Ping Appeal is extremely difficult, if not impossible.

///

Moreover, if the Motion is approved, the Estate will not bear the cost and expense associate with preparing for trial, trying the case, and perhaps respond to any appeals (or further appeals). The Agreement allows the Estate to receive funds now and avoid the risks inherent in any litigation. Rather than delay the matter and incur expenses or resources preparing for trial, the Trustee has determined that the Agreement reached is fair and equitable. Based thereon, the Trustee believes the proposed Agreement is the most expedient and cost effective method for administering the Pan Actions. Accordingly, this factor weighs in favor of settling.

4. The Paramount Interests of Creditors and Proper Deference to Reasonable Views

Based on his good business judgment, the Trustee believes that the Agreement reached is fair and reasonable and is that it will benefit the Estate and its creditors by netting the Estate \$7,000.00, and possibly more through the proposed Bidding Procedures. The Agreement avoids the costs and risks associated with litigating the Pan Actions and provides certainty and a tangible benefit to the Estate. If the Agreement is not approved, the Trustee does not intend to pursue the Pan Actions given various procedural issues and the lack of additional benefit to the Estate. Therefore, the Agreement should be approved as a means of preserving assets and enhancing the value of the Estate for the benefit of creditors.

E. The Court has the Authority to Waive the Fourteen-Day Stay of Sale.

Federal Rule of Bankruptcy Procedure 6004(h) provides that “[a]n order authorizing the use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the Court orders otherwise.” Fed. Rule Bankr. P. 6004(h).

The Trustee desires to close on the sale of the Cross-Complaint Claim as soon as practicable after entry of an order approving the sale. Accordingly, the Trustee requests that the Court waive the fourteen-day stay requirement.

IV. CONCLUSION

WHEREFORE, based upon the foregoing, the Trustee respectfully submits that the Agreement is “fair and equitable,” that good cause exists for granting the Motion, and requests that the Court enter an order as follows:

1. Approving the Bidding Procedures utilized by the Trustee as described above.

2. Authorizing the Trustee to sell the Pan Actions to the Buyers pursuant to the terms and conditions as set forth in the Agreement attached as **Exhibit "4"** to the Leslie Decl.

3. Authorizing the Trustee to sign any and all documents convenient and necessary in pursuit of the sale as set forth above, including, but not limited to, any and all conveyances contemplated by the Agreement attached as **Exhibit "4"** to the Leslie Decl.

4. A determination by the Court that the Buyers are good faith purchasers pursuant to Bankruptcy Code Section 363(m).

5. Waiving the fourteen day stay of the order approving the sale of the Cross-Complaint Claim under Federal Rules of Bankruptcy Procedure 6004(h).

6. For such other and further relief as the Court deems just and proper under the circumstances of this case.

Respectfully submitted,

Dated: April 29, 2016

SHULMAN HODGES & BASTIAN LLP

/s/ Rika M. Kido

Leonard M. Shulman

Lynda T. Bui

Rika M. Kido

Attorneys Sam S. Leslie, Chapter 7 Trustee

for the bankruptcy estate of AC International Corporation
dba Digiweigh

DECLARATION

DECLARATION OF SAM S. LESLIE

I, Sam S. Leslie, declare:

1. I am the duly appointed, qualified and acting Chapter 7 trustee for the bankruptcy estate (“Estate”) of AC International Corporation, a California corporation dba Digiweigh (“Debtor”). I have personal knowledge of the facts set forth herein, and if called and sworn as a witness, I could and would competently testify thereto, except where matters are stated on information and belief, in which case I am informed and believe that the facts so stated are true and correct.

2. I make this Declaration in support of my Motion for Order Approving the Sale of State Court Claim and Appeal Pursuant to 11 U.S.C. § 363(b)(1), Subject to Overbids, Combined With Notice of Bidding Procedures and Request for Approval of the Bidding Procedures and Granting Related Relief (“Motion”). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Motion.

3. I have read and I am aware of the contents of the Motion and the accompanying Memorandum of Points and Authorities. The facts stated in the Motion and the Memorandum of Points and Authorities are true to the best of my knowledge.

4. On September 22, 2011, the Debtor file the Edward Complaint, commencing the Edward State Court Action. Attached hereto as **Exhibit “1”**, is a true and correct copy of the Edward Complaint.

5. Attached hereto as **Exhibit “2”**, is a true and correct copy of the State Court’s docket for the Edward State Court Action.

6. Attached hereto as **Exhibit “3”**, is a true and correct copy of California Appellate Court docket for the Ping Appeal.

7. Initially, I considered to abandoning the Estate’s interest in the Pan Actions back to the Debtor. However, the Buyers indicated that they would be willing to “purchase” the Pan Actions and we negotiated the terms.

8. Attached hereto as **Exhibit “4”**, is a true and correct copy of the Purchase and Sale Agreement (“Agreement”) for the sale of the Pan Actions.

9. The Buyers' offer presented in the Motion is the highest and best offer the Estate has received. I believe that it would benefit the Estate to permit all interested parties to receive information and bid for the Pan Actions instead of selling the Pan Actions to the Buyers on an exclusive basis. Accordingly, in order to obtain the highest and best offer for the benefit of the creditors of this Estate, I also seek Court approval of the Bidding Procedures described in the Sale Motion.

11. For the reasons set forth in the Motion and this Declaration, I respectfully request that the Court grant the Motion so that I do not lose this favorable business opportunity to net a substantial amount of money for the Estate.

Executed on April 28th, 2016 at Los Angeles, California.

Sam S. Leslie

EXHIBIT 1

John A. Tkach SBN 93025
LAW OFFICES OF JOHN A. TKACH
301 East Colorado Blvd., Suite 514
Pasadena, California 91101
Telephone: (626) 795-8992
Facsimile: (626) 795-8900

FILED
SUPERIOR COURT
COUNTY OF SAN BERNARDINO
RANCHO CUCAMONGA DISTRICT

SEP 22 2011

BY *L. K. K...* DEPUTY

Attorney for AC INTERNATIONAL CORP.

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO**

CIV RS 1108499

AC INTERNATIONAL CORP., a
California corporation,

CASE NO.:

PLAINTIFF AC INTERNATIONAL, CORP'S
COMPLAINT FOR:

Plaintiff,

vs.

JINFANG PAN aka EDWARD PAN, an
individual; LINGLING ZHANG PAN
aka LILLIAN ZHANG PAN aka
LILLIAN PAN, an individual; JFLY
MARKETING CORP., a California
corporation; ECOPRO GROUP, INC., a
California corporation; PRIME SCALES
GROUP, an unknown business form;
ELITE SCALES, an unknown business
form; CERTIFIED SCALE, an unknown
business form; H.M. DISTRIBUTORS,
INC., a California corporation;
BRYTUN LIGHTING CORP, a
California corporation and DOES 1-
100, inclusive,

Defendants.

1. BREACH OF FIDUCIARY DUTY
2. MISAPPROPRIATION OF TRADE
SECRETS;
3. MISAPPROPRIATION OF TRADE
SECRETS;
4. INTENTIONAL INTERFERENCE
WITH PROSPECTIVE ECONOMIC
ADVANTAGE;
5. NEGLIGENT INTERFERENCE
WITH PROSPECTIVE ECONOMIC
ADVANTAGE;
6. CONVERSION;
7. FOR MONEY HAD AND RECEIVED;
8. IMPOSITION OF CONSTRUCTIVE
TRUST AND ACCOUNTING;
9. ACTION AGAINST CORPORATION
AND ITS CONTROLLING
SHAREHOLDER(S) ON
CORPORATE OBLIGATION-
CORPORATION AS ALTER EGO OF
CONTROLLING
SHAREHOLDER(S);

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

10. ACTION AGAINST CORPORATION
AND ITS CONTROLLING
SHAREHOLDER(S) ON
CORPORATE OBLIGATION-
CORPORATION AS ALTER EGO OF
CONTROLLING
SHAREHOLDER(S);
11. ACTION AGAINST CORPORATION
AND ITS CONTROLLING
SHAREHOLDER(S) ON
CORPORATE OBLIGATION-
CORPORATION AS ALTER EGO OF
CONTROLLING
SHAREHOLDER(S);
12. ACTION AGAINST CORPORATION
AND ITS CONTROLLING
SHAREHOLDER(S) ON
CORPORATE OBLIGATION-
CORPORATION AS ALTER EGO OF
CONTROLLING
SHAREHOLDER(S);
13. ACTION AGAINST CORPORATION
AND ITS CONTROLLING
SHAREHOLDER(S) ON
CORPORATE OBLIGATION-
CORPORATION AS ALTER EGO OF
CONTROLLING
SHAREHOLDER(S);
14. ACTION AGAINST CORPORATION
AND ITS CONTROLLING
SHAREHOLDER(S) ON
CORPORATE OBLIGATION-
CORPORATION AS ALTER EGO OF
CONTROLLING
SHAREHOLDER(S).
15. ACTION AGAINST CORPORATION
AND ITS CONTROLLING
SHAREHOLDER(S) ON
CORPORATE OBLIGATION-
CORPORATION AS ALTER EGO OF
CONTROLLING
SHAREHOLDER(S).
16. BREACH OF ORAL CONTRACT

GENERAL ALLEGATIONS

Plaintiff, AC INTERNATIONAL CORP., a California Corporation. (hereinafter ACI) alleges as follows:

1. Plaintiff, AC INTERNATIONAL CORP. Inc. is a duly qualified California Corporation authorized to conduct business in the state of California, with its principal place of business located at 15830 El Prado Road, #B, Chino, CA 91708.
2. ACI is informed and believes, and upon such information and belief allege, that JINFANG PAN aka EDWARD PAN (hereinafter "Defendant" or "J. PAN") is, and at all times material hereto an individual residing in Chino, in the County of San Bernardino, California.
3. ACI is informed and believes, and upon such information and belief allege, that LINGLING ZHANG PAN, an individual, aka LILLIAN ZHANG PAN, aka LILLIAN PAN, aka Lingling "Lillian" LILLIAN Pan (hereinafter "Defendant" or "LILLIAN PAN") is, and at all times material hereto an individual residing in Chino Hills in the County of San Bernardino, California.
4. ACI is informed and believes, and upon such information and belief allege, that JFLY Marketing Corp. ("JFLY") a California corporation is doing business in the State of California and in the county of Los Angeles.
5. ACI is informed and believes, and upon such information and belief allege, that ECOPRO GROUP INC. a corporation is doing business in the State of California and in the county of Los Angeles.
6. ACI is informed and believes, and upon such information and belief allege, that PRIME SCALES a business organization, form unknown, is doing business in the State of California and in the county of Los Angeles.
7. ACI is informed and believes, and upon such information and belief allege, that ELITE SCALES, a business organization, form unknown, is doing business in the State of California and in the county of Los Angeles.
8. ACI is informed and believes, and upon such information and belief allege, that CERTIFIED SCALE, a business organization, form unknown, is doing business in

///

1 the State of California and in the county of Los Angeles.

2 9. ACI is informed and believes, and upon such information and belief allege, that
3 H.M. DISTRIBUTOR, is a California corporation, which is conducting business in the
4 State of California.

5 10. ACI is informed and believes, and upon such information and belief allege, that
6 BRYTUN LIGHTING CORP, is a California corporation, which is conducting business
7 in the State of California.

8 11. During the relevant times set out herein J. PAN was an employee, holding the
9 title of Vice President of ACI, and LILLIAN PAN, was an employee of the corporation.

10 12. During the relevant times set out herein J. PAN in his capacity as Vice President
11 of ACI had access to ACI's computers and business records and more specifically had
12 access to ACI's suppliers cost lists, customer list and confidential financial records
13 including but not limited to its accounts payable, receivables, suppliers and
14 correspondence between ACI and its customers and suppliers. (Herein after
collectively "TRADE SECRETS.")

15 13. During the relevant times set out herein LILLIAN PAN in her capacity as an
16 employee of ACI had access to ACI's computers and business records and more
17 specifically had access to ACI's TRADE SECRETS. LILLIAN PAN as employee and/or
18 former employee was obligated not to divulge or use confidential information which
19 she acquired by reason of her employment. Such information is and was the property
20 of ACI which LILLIAN PAN held in trust for her employer ACI and could not be
divulged or used violation of the trust reposed in her.

21 14. On or about November 10, 2010, J. PAN was removed as Vice President of ACI.
22 J. PAN without ACI's consent or approval removed its computer servers containing
23 ACI's proprietary trade secrets and confidential records with respect to ACI's
24 customer's list, accounts payable, receivables and business correspondences with
25 clients, suppliers and vendors. The server was returned but was not in operable
26 condition. The information on the server could not be accessed.

27 15. LILLIAN PAN was discharged as an employee of ACI and that without ACI's
28 consent or approval she removed, copied or otherwise appropriated ACI's proprietary

1 trade secrets and confidential records with respect to ACI's customer's list, accounts
2 payable, receivables and business correspondences with clients, suppliers and vendors,
3 suppliers cost lists, customer list and confidential financial records including but not
4 limited to its accounts payable, receivables, suppliers and correspondences between
5 ACI and its customers and suppliers. (Herein after collectively "TRADE SECRETS.")

6 16. The true names and capacities of Defendants Does 1 through 100 are unknown
7 to ACI, who therefore sues said Defendants by such fictitious names. As soon as their
8 true names and capacities have been ascertained, ACI will amend this Complaint
9 accordingly. ACI is informed and believes, and upon such information and belief
10 alleges, that each of Does 1 through 100 is responsible for the obligations and damages
sued upon herein.

11 **FIRST CAUSE OF ACTION**

12 **BREACH OF FIDUCIARY DUTY**

13 **(AGAINST DEFENDANTS JINFANG PAN AND DOES 1 - 100)**

14 17. ACI refers to paragraphs 1 through 16, inclusive, and incorporate the same
15 herein by this reference.

16 18. ACI is informed and believes on thereon J. PAN, breached his duty of care,
17 loyalty and trust to ACI by: 1) removing ACI computer server without ACI's consent; 2)
18 copying, downloading, and removing ACI's confidential customer list, which list was
19 the proprietary personal property of ACI, and thereafter disclosing the information and
20 contents of ACI's TRADE SECRETS, including but not limited to ACI's customer list
21 and suppliers cost list, to JFLY MARKETING CORP, ECOPRO GROUP, INC.; PRIME
22 SCALES, ELITE SCALES, CERTIFIED SCALE, H.M. DISTRIBUTORS, INC., BRYTUN
23 LIGHTING CORP and Does 1 - 100. In addition, J. PAN further breached his duty of
24 loyalty and due care to ACI by using ACI's confidential customer list to contact ACI's
25 customers and solicited ACI's customers to change suppliers for the services previously
26 performed by ACI and falsely stating ACI was going out of business. Further, J. PAN
27 changed all the passwords and injured and corrupted the computer files on ACI's
28 computer servers such that ACI was no longer able to access its business records and
websites and other business information and thereafter J. PAN negligently changed,

1 lost and/or misplaced the password to ACI's website thus depriving ACI the ability to
2 access its website, trade secrets and confidential records which were stored on ACI's
3 computer servers, or conduct online sales of its product as a result of the action of the
4 defendants.

5 19. ACI demanded J. PAN and/or JFLY MARKETING CORP, ECOPRO GROUP,
6 INC.; PRIME SCALES, ELITE SCALES, CERTIFIED SCALE, H.M. DISTRIBUTORS,
7 INC., and BRYTUN LIGHTING CORP to cease and desist from contacting ACI's
8 customers, which customers were identified on ACI's confidential customer list.
9 J. PAN, LILLIAN PAN and/or JFLY MARKETING CORP, ECOPRO GROUP, INC.;
10 PRIME SCALES, ELITE SCALES, CERTIFIED SCALE, H.M. DISTRIBUTORS, INC.,
11 and BRYTUN LIGHTING CORP refused to cease contacting ACI's customer, which
12 customers were on the misappropriated customer list. Plaintiff has knowledge of
13 seven clients who were contacted by Defendants, and whose contact information was
14 not publicly known and/or easily available, including private cell phone numbers for
15 contacts of said customers. Plaintiff will provide the court and defendants with this
16 information in a sealed document, subject to a protective order to keep and insure the
disclosed information is kept confidential.

17 20. As a direct and proximate result of J. PAN's breach of his fiduciary duty of
18 loyalty and due care, as herein above alleged, ACI has sustain damages and will
19 continue to sustain further damages in an amount within the jurisdiction of this court,
20 but which exact sum cannot be fully determined at the present time. Plaintiff will
21 amend the Complaint if and when the exact damages have been ascertained. Said
damages are in an amount within the jurisdiction of this court.

22 **SECOND CAUSE OF ACTION**

23 **BREACH OF FIDUCIARY DUTY**

24 **(AGAINST DEFENDANTS LILLIAN PAN AND DOES 1 - 100)**

25 21. ACI refers to paragraphs 1 through 16, inclusive, and incorporate the same
26 herein by this reference.

27 22. ACI is informed and believes on thereon LILLIAN PAN, as a former employee
28 breached her duty of care, loyalty and trust to ACI by: 1) copying, downloading, and

removing ACI's confidential customer list, which list was the proprietary personal property of ACI, and thereafter disclosing the information and contents of ACI's TRADE SECRETS, including but not limited to ACI's customer list and suppliers cost list, to JFLY MARKETING CORP, ECOPRO GROUP, INC.; PRIME SCALES, ELITE SCALES, CERTIFIED SCALE, H.M. DISTRIBUTORS, INC., and BRYTUN LIGHTING CORP and Does 1 - 100. In addition LILLIAN PAN further breached her duty of loyalty and due care to ACI by using ACI's confidential customer list to contact ACI's customers and solicited ACI's customers to change suppliers for the services previously performed by ACI and falsely stating ACI was going out of business.

23. ACI demanded LILLIAN PAN and/or JFLY MARKETING CORP, ECOPRO GROUP, INC.; PRIME SCALES, ELITE SCALES, CERTIFIED SCALE, H.M. DISTRIBUTORS, INC., and BRYTUN LIGHTING CORP to cease and desist from contacting ACI's customers, which customers were identified on ACI's confidential customer list. LILLIAN PAN and/or JFLY MARKETING CORP, ECOPRO GROUP, INC.; PRIME SCALES, ELITE SCALES, and CERTIFIED SCALE, H.M. DISTRIBUTORS, INC., and BRYTUN LIGHTING CORP refused to cease contacting ACI's customer, which customers were on the misappropriated customer list. Plaintiff has knowledge of seven clients who were contacted by Defendants, and whose contact information was not publicly known and/or easily available, including private cell phone numbers for contacts of said customers. Plaintiff will provide the court and defendants with this information in a sealed document, subject to a protective order to keep and insure the disclosed information is kept confidential.

24. As a direct and proximate result of LILLIAN PAN's breach of her fiduciary duty of loyalty, due care and trust, as herein above alleged, ACI has sustain damages and will continue to sustain further damages in an amount within the jurisdiction of this court, but which exact sum cannot be fully determined at the present time. Plaintiff will amend the Complaint if and when the exact damages have been

///

///

///

1 ascertained. Said damages are in an amount within the jurisdiction of this court.

2 **THIRD CAUSE OF ACTION**

3 **MISAPPROPRIATION OF TRADE SECRET**

4 **(AGAINST DEFENDANTS JINFANG PAN, LILLIAN PAN,**
5 **JFLY MARKETING CORP, ECOPRO GROUP, INC.; PRIME SCALES,**
6 **ELITE SCALES, CERTIFIED SCALE, H.M. DISTRIBUTORS, INC.,**
7 **BRYTUN LIGHTING CORP AND DOES 1 - 100)**

8 25. ACI refers to paragraphs 1 through 16, inclusive, and incorporate the same
9 herein by this reference.

10 26. Defendants JINFANG PAN, LILLIAN PAN, JFLY MARKETING CORP, ECOPRO
11 GROUP, INC.; PRIME SCALES, ELITE SCALES, CERTIFIED SCALE, H.M.
12 DISTRIBUTORS, INC., and BRYTUN LIGHTING CORP were in possession of ACI's
13 TRADE SECRETS.

14 27. Plaintiff's TRADE SECRETS have an economic value in that an investment of
15 time, effort was exerted in developing and maintaining a current customer and
16 suppliers cost list of ACI which information included specific customer information
17 i.e., key contacts, private and/or unlisted telephone numbers and specialized customer
18 requirements and preferences. Plaintiff made reasonable efforts to ensure that its
19 TRADE SECRETS, including but not limited to its customer list and supplier's cost list
20 would remain a secret by not having any information disclosed or used by to any third
21 party, or permitting the list to be copied, stored, or taken off the premises of ACI, or
22 disclosed to third parties, without the express written consent of ACI.

23 28. J. PAN was duty bound by virtue of his former positions as an Officer and/or
24 former employee, of ACI, not to disclose Plaintiff's TRADE SECRET and/or
25 confidential information to anyone.

26 29. LILLIAN PAN was duty bound by virtue of his former positions as an employee,
27 of ACI, not to disclose Plaintiff's TRADE SECRET and/or confidential information to
28 anyone.

30. Defendants J. PAN and LILLIAN PAN breached their duties to ACI by
misappropriating the above TRADE SECRET of Plaintiff by removing, copying,

disclosing, and using the customer list after their relationship was terminated with ACI. Plaintiff is informed and believes that J. PAN and/or LILLIAN PAN disclosed ACI's TRADE SECRETS to JFLY MARKETING CORP, ECOPRO GROUP, INC.; PRIME SCALES, ELITE SCALES, and CERTIFIED SCALE with the intent to harm and injure the business and financial resources of ACI. J. PAN, LILLIAN PAN, JFLY MARKETING CORP, ECOPRO GROUP, INC.; PRIME SCALES, ELITE SCALES, and CERTIFIED SCALE continue to use of Plaintiff TRADE SECRETS, without Plaintiff express or implied consent, which use constitutes a misappropriation of ACI's proprietary information and TRADE SECRETS. Because neither Plaintiff's actual damages nor defendants unjust enrichment may be subject to proof, Plaintiff is entitled to a reasonable royalty of the revenue received by J. PAN, LILLIAN PAN, JFLY MARKETING CORP, ECOPRO GROUP, INC.; PRIME SCALES, ELITE SCALES, CERTIFIED SCALE, H.M. DISTRIBUTORS, INC., and BRYTUN LIGHTING CORP from their continued use of Plaintiff TRADE SECRET.

31. Plaintiff is informed and believe and thereon allege that the aforementioned acts of each and every defendants were willful and malicious in that Defendants and each of them misappropriated and used Plaintiff's TRADE SECRET's with the deliberate intent to continue operating their business and use Plaintiff's TRADE SECRET in soliciting and selling electronic scales to ACI's customers, and to injure Plaintiff's business.

32. Defendants wrongful conduct in misappropriating Plaintiff's TRADE SECRET and continuing to use Plaintiff's TRADE SECRET's to contact prospective clients for the sale of electronic scales until enjoined and restrained by order of this court, will cause great and irreparable injury to Plaintiff.

33. Defendants J. PAN, LILLIAN PAN, JFLY MARKETING CORP, ECOPRO GROUP, INC.; PRIME SCALES, ELITE SCALES, and CERTIFIED SCALE, H.M. DISTRIBUTORS, INC., BRYTUN LIGHTING CORP and DOES 1 - 100 are misappropriating to their benefit ACI's TRADE SECRETS, including but not limited to their supplier's cost list, customer list and confidential information, which was developed, and created, by the investment of substantial amount of time, expense and

1 effort on the part of ACI and has great commercial value all to the detriment of ACI.

2 34. The use of the ACI's TRADE SECRETS, including their proprietary customer
3 list is the theft of proprietary and confidential information for the financial gain of J.
4 PAN, LILLIAN PAN, JFLY MARKETING CORP, ECOPRO GROUP, INC.; PRIME
5 SCALES, ELITE SCALES, CERTIFIED SCALE, H.M. DISTRIBUTORS, INC., BRYTUN
6 LIGHTING CORP and DOES 1 - 100 which is wrongfully taking away business from
7 ACI.

8 35. Plaintiff has no adequate remedy at law for the injuries currently being
9 suffered or that will be suffered. Defendants will continue to misappropriate
10 Plaintiff's TRADE SECRET, it will be impossible to determine the precise amount of
11 damages that Plaintiff will suffer if Defendants' conduct is not restrained. In
12 addition, Plaintiff would be required to maintain a multiplicity of judicial proceedings
13 to protect their interests.

14 **FOURTH CAUSE OF ACTION**

15 **INTENTIONAL INTERFERENCE WITH**

16 **PROSPECTIVE ECONOMIC ADVANTAGE**

17 **(AGAINST DEFENDANTS J. PAN, LILLIAN PAN AND DOES 1 - 100)**

18 36. Paragraphs refers to Paragraphs 1 through 16 of this complaint are incorporated
19 by reference as if fully set forth herein.

20 37. ACI has established business relations with customers for the purchase of
21 electronic scales. These companies have purchased electronic scales from ACI and
22 have expressed their preference to use ACI's wholesale and retail facilities.

23 38. At all relevant times, J. PAN, LILLIAN PAN and Does 1 - 100 have been aware
24 of ACI's actual and prospective business relationships with such customers.

25 39. J. PAN, LILLIAN PAN and Does 1 - 100 have intentionally and wrongfully
26 interfered with ACI's prospective economic relationships with the aforesaid actual and
27 prospective customers, without legitimate business justification by among other
28 things stating that Kerry Huang was no longer associated with ACI; that ACI
was going out of business; the ACI's had "temporality" locked down its "warehouse
and office"; no future shipments would be made until a "lawsuit" ACI was involved

1 was over; and to not make any future payments of monies owed to ACI and/or
2 provide ACI its agents with credit card information to make any payments.

3 In addition defendants have wrongfully sold and/or offered for the sale the identical
4 scales offered or sold by ACI, but have offered them at or below cost. Each of these
5 representations was knowingly false and made by J. PAN and/or LILLIAN PAN for
6 the sole purpose of dissuading ACI's customers from dealing with ACI in the future,
7 and thus causing financial distress and economic hardship to the corporation.

8 40. Defendants' interference with ACI's actual and prospective relationships has
9 been and is intentional and wrongful. It constitutes unfair conduct outside the realm
10 of legitimate business transactions.

11 41. As a result of the foregoing, ACI has suffered, continues to, and for the
12 reasonably foreseeable future will suffer damage including lost profits in an amount
13 that has not yet been determined. Defendants' engaged in intentional acts of deceit,
14 malice and oppression and their conduct is unacceptable in a decent, civilized society.
15 Plaintiff, for all of the foregoing reasons, is therefore entitled to recover punitive
16 damages pursuant to Civil Code Section 3294.

17 **FIFTH CAUSE OF ACTION**
18 **NEGLIGENT INTERFERENCE WITH**
19 **PROSPECTIVE ECONOMIC ADVANTAGE**

20 **(AGAINST DEFENDANTS J. PAN, LILLIAN PAN AND DOES 1 - 100)**

21 42. Paragraphs 1 through 23 of this complaint are incorporated by reference as if
22 fully set forth herein.

23 43. ACI has established business relations with customers for the purchase of
24 electronic scales. These companies have purchased electronic scales from ACI and
25 have expressed their preference to use ACI's wholesale and retail facilities.

26 44. At all relevant times, J. PAN, LILLIAN PAN and Does 1- 100 have been aware
27 of ACI's actual and prospective business relationships with such customers.

28 45. J. PAN, LILLIAN PAN and Does 1 - 100 have negligently interfered with ACI's
prospective economic relationships with the aforesaid actual and prospective
customers, without legitimate business justification, by, among other things stating

1 stating that Kerry Huang was no longer associated with ACI; that ACI
2 was going out of business; the ACI's had "temporality" locked down its "warehouse
3 and office"; no future shipments would be made until a "lawsuit" ACI was involved
4 was over; and to not make any future payments of monies owed to ACI and/or
5 provide ACI its agents with credit card information to make any payments.

6 In addition defendants have wrongfully sold and/or offered for the sale the identical
7 scales offered or sold by ACI, but have offered them at or below cost. Each of these
8 representations was knowingly false and made by J. PAN and/or LILLIAN PAN for
9 the sole purpose of dissuading ACI's customers from dealing with ACI in the future,
and thus causing financial distress and economic hardship to the corporation.

10 46. Defendants' interference with ACI's actual and prospective relationships has
11 been and is negligent and wrongful. It constitutes unfair conduct outside the realm
12 of legitimate business transactions.

13 47. As a result of the foregoing, ACI has suffered, continues to, and for the
14 reasonably foreseeable future will suffer damage including lost profits in an amount
15 that has not yet been determined.

16 **SIXTH CAUSE OF ACTION**

17 **CONVERSION**

18 **(AGAINST DEFENDANTS J. PAN AND DOES 1 - 100)**

19 48. Paragraphs 1 through 23 of this complaint are incorporated by reference as if
20 fully set forth herein.

21 49. ACI is the owners of certain computer servers and surveillance equipment
22 ("PROPERTY"), which PROPERTY was located on the business premises, located at
23 15830 El Prado Road, #B, Chino, CA 91708. At all times herein mentioned ACI owned
the PROPERTY and had rights to its possession at all times.

24 50. J. PAN AND DOES 1 - 100 wrongfully assumed control over the PROPERTY
25 without ACI permission or consent. J. PAN changed the passwords to the servers
26 such that ACI is unable to access the financial records, vendor and customer
27 information, data and other information on its servers. Plaintiff is informed and
28 believe and thereon allege that J. PAN has access to the codes and passwords and

1 refuses to provide this information such that ACI is no longer able to access the data
2 on its servers. In addition J. PAN has refused to return the surveillance equipment
3 which he removed from ACI's premises.

4 51. J. PAN and DOES 1 - 100 converted ACI PROPERTY to their own use without
5 ACI permission and/or consent, all to ACI damage. ACI will continue to sustain
6 further damages in an amount within the jurisdiction of this court, but which exact
7 sum cannot be fully determined at the present time. ACI will amend the
8 Cross-Complaint when the exact damages have been ascertained, but in no event is
9 the damage not less than \$250,000.00. Cross-defendant's engaged in intentional acts
10 of deceit, malice and oppression and their conduct is unacceptable in a decent, civilized
11 society. Plaintiff, for all of the foregoing reasons, is therefore entitled to recover
12 punitive damages pursuant to Civil Code Section 3294.

13 52. ACI is further entitled to a fair compensation for the time and money properly
14 expended in pursuit of the PROPERTY in accord with Civil Code § 3336.

15 **SEVENTH CAUSE OF ACTION**

16 **FOR MONEY HAD AND RECEIVED**

17 **(AGAINST DEFENDANTS LILLIAN PAN AND DOES 1 - 100)**

18 53. Paragraphs 1 through 23 of this complaint are incorporated by reference as if
19 fully set forth herein.

20 54. Defendants LILLIAN PAN and Does 1-100, became indebted to ACI in an
21 amount which has not yet been determined. ACI will amend the Cross-Complaint
22 when the exact damages have been ascertained, but in no event is the damage less than
23 \$250,000.00, as shall be proved at the time trial.

24 55. Within that last two years ACI was fraudulently induced to pay LILLIAN PAN
25 either directly or indirectly the sum of \$100,000 even although no such sum or any such

26 ///

27 ///

28 ///

///

///

1 sums were owed by ACI to LILLIAN PAN.

2 **EIGHT CAUSE OF ACTION**
3 **(IMPOSITION OF A CONSTRUCTIVE TRUST AND ACCOUNTING)**
4 **(AGAINST DEFENDANTS J. PAN AND/OR**
5 **LILLIAN PAN AND DOES 1 - 100)**

6 56. Plaintiff repleads, realleges and incorporates by reference each and every
7 allegation contained in paragraphs 1 through 50 as though fully set forth at length
8 herein.

9 57. Plaintiff is informed and believes and thereon alleges that within the last four
10 years, J. PAN and/or LILLIAN PAN fraudulently induced ACI to pay LILLIAN PAN
11 either directly or indirectly the sum of \$100,000.

12 58. Plaintiff is informed and believes, and thereon alleges that at any money paid
13 to LILLIAN PAN either directly or indirectly or non ACI purposes.

14 59. Any and all money LILLIAN PAN either directly or indirectly received from ACI
15 belonged to ACI and should not have been distributed or transferred to LILLIAN PAN.

16 60. By virtue of the wrongful acts of J. PAN and/or LILLIAN PAN they hold said
17 money's as a constructive trustee for the benefit of Plaintiff, who is solely entitled to
18 said transferred consideration. J. PAN and/or LILLIAN PAN should be ordered to
19 provide an accounting of all transferred consideration received.

20 61. Plaintiff is informed and believes and thereon alleges that J. PAN and/or
21 LILLIAN PAN knew that ACI paid LILLIAN PAN said sums without ACI's knowledge.

22 **NINTH CAUSE OF ACTION**
23 **ACTION AGAINST CORPORATION AND ITS CONTROLLING**
24 **SHAREHOLDER(S) ON CORPORATE OBLIGATION-CORPORATION AS**
25 **ALTER EGO OF CONTROLLING SHAREHOLDER(S)**
26 **(AGAINST JFLY MARKETING CORP. AND DOES 1 - 100)**

27 62. Plaintiff repleads, realleges and incorporates by reference each and every
28 allegation contained in paragraphs 1 through 64 as though fully set forth at length
herein.

63. Plaintiff is informed and believes and thereon alleges defendant JFLY

1 MARKETING CORP. is, and at all times herein mentioned was, a California
2 corporation.

3 64. Plaintiff is informed and believes and thereon alleges defendants J. PAN and/or
4 LILLIAN PAN are, and at all times herein mentioned were, the owner and/or promoters
5 of defendant corporation JFLY MARKETING CORP.

6 65. Plaintiff is informed and believes and thereon alleges there exists, and at all
7 times herein mentioned there existed, a unity of interest and ownership between
8 defendant(s) J. PAN and/or LILLIAN PAN and defendant corporation, such that any
9 individuality and separateness between defendant(s) J. PAN and/or LILLIAN PAN and
10 defendant corporation have ceased, and defendant corporation is the alter ego of
11 defendant J. PAN and/or LILLIAN PAN.

12 66. Plaintiff is informed and believes and thereon alleges J. PAN and/or LILLIAN
13 PAN have not respected their corporation's separate identity; have failed to contribute
14 capital, issue stock or otherwise complete formation of the corporation; have used
15 corporate assets as their own funds for personal use without treating such withdrawals
16 as salaries or dividends; have commingle corporate funds with their personal funds; and
17 failed to observe corporate failed to regularly elect directors, appoint officers, hold board
18 meetings and keep minutes or file corporate tax returns.

19 67. Plaintiff is informed and believes and thereon alleges adherence to the fiction of
20 the separate existence of the defendant corporation JFLY MARKETING CORP as an
21 entity distinct from defendant(s) J. PAN and/or LILLIAN PAN would permit an abuse of
22 the corporate privilege and would sanction fraud or promote injustice to uphold the
23 corporate entity and allow the J. PAN and/or LILLIAN PAN to escape personal liability
24 for its debts.

25 **TENTH CAUSE OF ACTION**

26 **ACTION AGAINST CORPORATION AND ITS CONTROLLING**
27 **SHAREHOLDER(S) ON CORPORATE OBLIGATION-CORPORATION AS**
28 **ALTER EGO OF CONTROLLING SHAREHOLDER(S)**
(AGAINST ECOPRO GROUP INC. AND DOES 1 - 100)

68. Plaintiff repleads, realleges and incorporates by reference each and every

1 allegation contained in paragraphs 1 through 64 as though fully set forth at length
2 herein.

3 69. Plaintiff is informed and believes and thereon alleges defendant ECOPRO
4 GROUP INC. is, and at all times herein mentioned was, a California corporation.

5 70. Plaintiff is informed and believes and thereon alleges defendants J. PAN and/or
6 LILLIAN PAN are, and at all times herein mentioned were, the owner and/or promoters
7 of defendant corporation ECOPRO GROUP INC.

8 71. Plaintiff is informed and believes and thereon alleges there exists, and at all
9 times herein mentioned there existed, a unity of interest and ownership between
10 defendant(s) J. PAN and/or LILLIAN PAN and defendant corporation, such that any
11 individuality and separateness between defendant(s) J. PAN and/or LILLIAN PAN and
12 defendant corporation have ceased, and defendant corporation is the alter ego of
13 defendant J. PAN and/or LILLIAN PAN.

14 72. Plaintiff is informed and believes and thereon alleges J. PAN and/or LILLIAN PAN
15 have not respected their corporation's separate identity; have failed to contribute capital,
16 issue stock or otherwise complete formation of the corporation; have used corporate
17 assets as their own funds for personal use without treating such withdrawals as salaries
18 or dividends; have commingle corporate funds with their personal funds; and failed to
19 observe corporate failed to regularly elect directors, appoint officers, hold board
20 meetings and keep minutes or file corporate tax returns.

21 73. Plaintiff is informed and believes and thereon alleges adherence to the fiction of
22 the separate existence of the defendant corporation ECOPRO GROUP INC. as an entity
23 distinct from defendant(s) J. PAN and/or LILLIAN PAN would permit an abuse of the
24 corporate privilege and would sanction fraud or promote injustice to uphold the
25 corporate entity and allow the J. PAN and/or LILLIAN PAN to escape personal liability

26 ///

27 ///

28 ///

///

///

1 for its debts.

2 **ELEVENTH CAUSE OF ACTION**
3 **ACTION AGAINST CORPORATION AND ITS CONTROLLING**
4 **SHAREHOLDER(S) ON CORPORATE OBLIGATION-CORPORATION AS**
5 **ALTER EGO OF CONTROLLING SHAREHOLDER(S)**
6 **(AGAINST ELITE SCALES AND DOES 1 - 100)**

7 74. Plaintiff repleads, realleges and incorporates by reference each and every
8 allegation contained in paragraphs 1 through 64 as though fully set forth at length
9 herein.

10 75. Plaintiff is informed and believes and thereon alleges defendant ELITE SCALES,
11 form unknown is a corporation.

12 76. Plaintiff is informed and believes and thereon alleges defendants J. PAN and/or
13 LILLIAN PAN are, and at all times herein mentioned were, the owner and/or promoters
14 of defendant corporation ELITE SCALES.

15 77. Plaintiff is informed and believes and thereon alleges there exists, and at all times
16 herein mentioned there existed, a unity of interest and ownership between
17 defendant(s) J. PAN and/or LILLIAN PAN and defendant corporation, such that any
18 individuality and separateness between defendant(s) J. PAN and/or LILLIAN PAN and
19 defendant corporation have ceased, and defendant corporation is the alter ego of
20 defendant J. PAN and/or LILLIAN PAN.

21 78. Plaintiff is informed and believes and thereon alleges J. PAN and/or LILLIAN PAN
22 have not respected their corporation's separate identity; have failed to contribute capital,
23 issue stock or otherwise complete formation of the corporation; have used corporate
24 assets as their own funds for personal use without treating such withdrawals as salaries
25 or dividends; have commingle corporate funds with their personal funds; and failed to
26 observe corporate failed to regularly elect directors, appoint officers, hold board
27 meetings and keep minutes or file corporate tax returns.

28 79. Plaintiff is informed and believes and thereon alleges adherence to the fiction of
the separate existence of the defendant corporation ELITE SCALES. as an entity distinct
from defendant(s) J. PAN and/or LILLIAN PAN would permit an abuse of the corporate

1 privilege and would sanction fraud or promote injustice to uphold the corporate entity
2 and allow the J. PAN and/or LILLIAN PAN to escape personal liability for its debts.

3 **TWELFTH CAUSE OF ACTION**

4 **ACTION AGAINST CORPORATION AND ITS CONTROLLING**
5 **SHAREHOLDER(S) ON CORPORATE OBLIGATION-CORPORATION AS**
6 **ALTER EGO OF CONTROLLING SHAREHOLDER(S)**
7 **(AGAINST CERTIFIED SCALE AND DOES 1 - 100)**

8 80. Plaintiff repleads, realleges and incorporates by reference each and every
9 allegation contained in paragraphs 1 through 64 as though fully set forth at length
10 herein.

11 81. Plaintiff is informed and believes and thereon alleges defendant CERTIFIED
12 SCALE, a business form unknown.

13 82. Plaintiff is informed and believes and thereon alleges defendants J. PAN and/or
14 LILLIAN PAN are, and at all times herein mentioned were, the owner and/or promoters
15 of defendant corporation CERTIFIED SCALE.

16 83. Plaintiff is informed and believes and thereon alleges there exists, and at all
17 times herein mentioned there existed, a unity of interest and ownership between
18 defendant(s) J. PAN and/or LILLIAN PAN and defendant corporation, such that any
19 individuality and separateness between defendant(s) J. PAN and/or LILLIAN PAN and
20 defendant corporation have ceased, and defendant corporation is the alter ego of
21 defendant J. PAN and/or LILLIAN PAN.

22 84. Plaintiff is informed and believes and thereon alleges J. PAN and/or LILLIAN
23 PAN have not respected their corporation's separate identity; have failed to contribute
24 capital, issue stock or otherwise complete formation of the corporation; have used
25 corporate assets as their own funds for personal use without treating such withdrawals
26 as salaries or dividends; have commingle corporate funds with their personal funds; and
27 failed to observe corporate failed to regularly elect directors, appoint officers, hold board
28 meetings and keep minutes or file corporate tax returns.

85. Plaintiff is informed and believes and thereon alleges adherence to the fiction of
the separate existence of the defendant corporation CERTIFIED SCALE as an entity

1 distinct from defendant(s) J. PAN and/or LILLIAN PAN would permit an abuse of the
2 corporate privilege and would sanction fraud or promote injustice to uphold the
3 corporate entity and allow the J. PAN and/or LILLIAN PAN to escape personal liability
4 for its debts.

5 **THIRTEENTH CAUSE OF ACTION**
6 **ACTION AGAINST CORPORATION AND ITS CONTROLLING**
7 **SHAREHOLDER(S) ON CORPORATE OBLIGATION-CORPORATION AS**
8 **ALTER EGO OF CONTROLLING SHAREHOLDER(S)**
9 **(AGAINST H.M.DISTRIBUTORS, INC. AND DOES 1 - 100)**

10 86. Plaintiff repleads, realleges and incorporates by reference each and every
11 allegation contained in paragraphs 1 through 64 as though fully set forth at length
12 herein.

13 87. Plaintiff is informed and believes and thereon alleges defendant H.M.
14 DISTRIBUTORS, INC. is a California corporation.

15 88. Plaintiff is informed and believes and thereon alleges defendants J. PAN and/or
16 LILLIAN PAN are, and at all times herein mentioned were, the owner and/or promoters
17 of defendant corporation H.M. DISTRIBUTORS, INC.

18 89. Plaintiff is informed and believes and thereon alleges there exists, and at all
19 times herein mentioned there existed, a unity of interest and ownership between
20 defendant(s) J. PAN and/or LILLIAN PAN and defendant corporation, such that any
21 individuality and separateness between defendant(s) J. PAN and/or LILLIAN PAN and
22 defendant corporation have ceased, and defendant corporation is the alter ego of
23 defendant J. PAN and/or LILLIAN PAN.

24 90. Plaintiff is informed and believes and thereon alleges J. PAN and/or LILLIAN PAN
25 have not respected their corporation's separate identity; have failed to contribute capital,
26 issue stock or otherwise complete formation of the corporation; have used corporate
27 assets as their own funds for personal use without treating such withdrawals as salaries
28 or dividends; have commingle corporate funds with their personal funds; and failed to
observe corporate failed to regularly elect directors, appoint officers, hold board

///
28

1 meetings and keep minutes or file corporate tax returns.

2 91. Plaintiff is informed and believes and thereon alleges adherence to the fiction of
3 the separate existence of the defendant corporation H.M. DISTRIBUTORS, INC. as an
4 entity distinct from defendant(s) J. PAN and/or LILLIAN PAN would permit an abuse of
5 the corporate privilege and would sanction fraud or promote injustice to uphold the
6 corporate entity and allow the J. PAN and/or LILLIAN PAN to escape personal liability
7 for its debts

8
9 **FOURTEENTH CAUSE OF ACTION**
10 **ACTION AGAINST CORPORATION AND ITS CONTROLLING**
11 **SHAREHOLDER(S) ON CORPORATE OBLIGATION-CORPORATION AS**
12 **ALTER EGO OF CONTROLLING SHAREHOLDER(S)**
13 **(AGAINST PRIME SCALES AND DOES 1 - 100)**

14 92. Plaintiff repleads, realleges and incorporates by reference each and every
15 allegation contained in paragraphs 1 through 64 as though fully set forth at length
16 herein.

17 93. Plaintiff is informed and believes and thereon alleges defendant PRIME SCALES
18 is a corporation.

19 94. Plaintiff is informed and believes and thereon alleges defendants J. PAN and/or
20 LILLIAN PAN are, and at all times herein mentioned were, the owner and/or promoters
21 of defendant corporation PRIME SCALES.

22 95. Plaintiff is informed and believes and thereon alleges there exists, and at all times
23 herein mentioned there existed, a unity of interest and ownership between defendant(s)
24 J. PAN and/or LILLIAN PAN and defendant corporation, such that any individuality and
25 separateness between defendant(s) J. PAN and/or LILLIAN PAN and defendant
26 corporation have ceased, and defendant corporation is the alter ego of defendant J. PAN
27 and/or LILLIAN PAN.

28 96. Plaintiff is informed and believes and thereon alleges J. PAN and/or LILLIAN PAN
have not respected their corporation's separate identity; have failed to contribute capital,
issue stock or otherwise complete formation of the corporation; have used corporate
assets as their own funds for personal use without treating such withdrawals as salaries

1 or dividends; have commingle corporate funds with their personal funds; and failed to
2 observe corporate failed to regularly elect directors, appoint officers, hold board
3 meetings and keep minutes or file corporate tax returns.

4 97. Plaintiff is informed and believes and thereon alleges adherence to the fiction of
5 the separate existence of the defendant corporation PRIME SCALES as an entity
6 distinct from defendant(s) J. PAN and/or LILLIAN PAN would permit an abuse of the
7 corporate privilege and would sanction fraud or promote injustice to uphold the
8 corporate entity and allow the J. PAN and/or LILLIAN PAN to escape personal liability
9 for its debts.

10 **FIFTEENTH CAUSE OF ACTION**
11 **ACTION AGAINST CORPORATION AND ITS CONTROLLING**
12 **SHAREHOLDER(S) ON CORPORATE OBLIGATION-CORPORATION AS**
13 **ALTER EGO OF CONTROLLING SHAREHOLDER(S)**
14 **(AGAINST BRYTUN LIGHTING CORP AND DOES 1 - 100)**

15 98. Plaintiff repleads, realleges and incorporates by reference each and every
16 allegation contained in paragraphs 1 through 64 as though fully set forth at length
17 herein.

18 99. Plaintiff is informed and believes and thereon alleges defendant BRYTUN
19 LIGHTING CORP is a corporation.

20 100. Plaintiff is informed and believes and thereon alleges defendants J. PAN and/or
21 LILLIAN PAN are, and at all times herein mentioned were, the owner and/or promoters
22 of defendant corporation BRYTUN LIGHTING CORP.

23 101. Plaintiff is informed and believes and thereon alleges there exists, and at all times
24 herein mentioned there existed, a unity of interest and ownership between
25 defendant(s) J. PAN and/or LILLIAN PAN and defendant corporation, such that any
26 individuality and separateness between defendant(s) J. PAN and/or LILLIAN PAN and
27 defendant corporation have ceased, and defendant corporation is the alter ego of
28 defendant J. PAN and/or LILLIAN PAN.

102. Plaintiff is informed and believes and thereon alleges J. PAN and/or LILLIAN
PAN have not respected their corporation's separate identity; have failed to contribute

1 capital, issue stock or otherwise complete formation of the corporation; have used
2 corporate assets as their own funds for personal use without treating such withdrawals
3 as salaries or dividends; have commingle corporate funds with their personal funds; and
4 failed to observe corporate failed to regularly elect directors, appoint officers, hold board
5 meetings and keep minutes or file corporate tax returns.

6 103. Plaintiff is informed and believes and thereon alleges adherence to the fiction of
7 the separate existence of the defendant corporation BRYTUN LIGHTING CORP as an
8 entity distinct from defendant(s) J. PAN and/or LILLIAN PAN would permit an abuse of
9 the corporate privilege and would sanction fraud or promote injustice to uphold the
10 corporate entity and allow the J. PAN and/or LILLIAN PAN to escape personal liability
11 for its debts.

12 **SIXTEENTH CAUSE OF ACTION**
13 **BREACH OF ORAL CONTRACT**
14 **(AGAINST DEFENDANTS J. PAN,**
15 **LILLIAN PAN AND DOES 1 - 100)**

16 104. Plaintiff repleads, realleges and incorporates by reference each and every
17 allegation contained in paragraphs 1 through 16 as though fully set forth at length
18 herein.

19 105. ACI, J. PAN and/or LILLIAN PAN for good and valuable consideration, entered
20 into an oral contract whereby he/she/they agreed to be employed by ACI in order to
21 solicit ACI's customers in order to sell electronic scales sold and distributed by ACI. As
22 part of their employment agreement J. PAN and/or LILLIAN PAN received ACI's
23 handbook with respect to employees governance and he agreed to abide by all the terms
24 contained in the handbook including but not limited to:

- 25 1. Not compromising customers, partners or suppliers for personal gain.
- 26 2. After termination of employment with ACI, for a period of twenty-four month
27 from the date of cessation of employment not to "call on, solicit, or take way" for
28 himself any person or entity who or which was a customer of ACI during J. PAN
and/or LILLIAN PAN's employment.

106. Within the last two years J. PAN and/or LILLIAN PAN breached the oral

1 employment agreement by:

- 2 1. Compromising customers, partners or suppliers for their personal gain.
- 3 2. Immediately after termination of their employment with ACI, J. PAN and/or
- 4 LILLIAN PAN solicited, and/or took way" customers of ACI who were customers
- 5 during J. PAN's employment.

6 107. Plaintiff has performed all conditions, covenants, and promises required by it on
7 its part to be performed in accordance with the terms and conditions of the oral
8 employment agreement.

9 108. As a direct and proximate result of J. PAN and/or LILLIAN PAN breach of the
10 oral employment agreement, Plaintiff has sustained damages and will continue to sustain
11 further damages in an amount within the jurisdiction of this court, but which exact sum
12 cannot be fully determined at the present time. Plaintiff will amend the Complaint if and
13 when the exact damages have been ascertained.

14 WHEREFORE, Plaintiff prays as follows:

15 **FIRST CAUSE OF ACTION**

- 16 1. For general damages according to proof at the time of trial;
- 17 2. For interest at the maximum allowed by law,

18 **SECOND CAUSE OF ACTION**

- 19 1. To refrain from contacting or soliciting ACI'S customers and using ACI's
- 20 misappropriate TRADE SECRET's and confidential materials.
- 21 2. For general damages according to proof at the time of trial.
- 22 3. For interest at the maximum allowed by law.

23 **THIRD CAUSE OF ACTION**

- 24 1. To refrain from contacting or soliciting ACI'S customers and using ACI's
- 25 misappropriate TRADE SECRET's and confidential materials.
- 26 2. For general damages according to proof at the time of trial.
- 27 3. For interest at the maximum allowed by law.

28 **FOURTH CAUSE OF ACTION:**

1. For general damages according to proof at the time of trial;
2. For interest at the maximum allowed by law.

1 **FIFTH CAUSE OF ACTION**

- 2 1. For general damages according to proof at the time of trial;
3 2. For interest at the maximum allowed by law.

4 **SIXTH CAUSE OF ACTION**

- 5 1. For general damages according to proof at the time of trial;
6 2. For fair compensation for the time and money properly expended in pursuit of the
7 PROPERTY in accord with Civil Code § 3336.

8 **SEVENTH CAUSE OF ACTION**

- 9 1. For general damages according to proof at the time of trial.

10 **EIGHTH CAUSE OF ACTION**

- 11 1. For an order declaring that J. PAN and/or LILLIAN PAN holds all payments received
12 from ACI in trust for Plaintiff; and
13 2. For an accounting of all funds received J. PAN and/or LILLIAN PAN by virtue of their
14 wrongdoing.

15 **NINTH CAUSE OF ACTION**

- 16 1. For general damages according to proof at the time of trial;
17 2. For interest at the maximum allowed by law.

18 **TENTH CAUSE OF ACTION**

- 19 1. For general damages according to proof at the time of trial;
20 2. For interest at the maximum allowed by law.

21 **ELEVENTH CAUSE OF ACTION**

- 22 1. For general damages according to proof at the time of trial;
23 2. For interest at the maximum allowed by law.

24 **TWELFTH CAUSE OF ACTION**

- 25 1. For general damages according to proof at the time of trial;
26 2. For interest at the maximum allowed by law.

27 **THIRTEENTH CAUSE OF ACTION**

- 28 1. For general damages according to proof at the time of trial;
2. For interest at the maximum allowed by law.

FOURTEENTH CAUSE OF ACTION

1. For general damages according to proof at the time of trial;
2. For interest at the maximum allowed by law.

FIFTEENTH CAUSE OF ACTION

1. For general damages according to proof at the time of trial;
2. For interest at the maximum allowed by law.

SIXTEENTH CAUSE OF ACTION

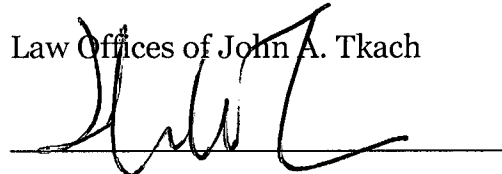
1. For general damages according to proof at time of trial;
2. To refrain from contacting or soliciting ACI'S customers and using ACI's inappropriate TRADE SECRET's and confidential materials.
3. For interest at the maxim allowed by law.

AS TO EACH AND EVERY CAUSE OF ACTION:

1. Such other and further damages as the court may deem just and proper.
2. For costs of suit.

Dated: September 8, 2011

Law Offices of John A. Tkach



John A. Tkach

EXHIBIT 2

Case Report

[Home](#)
[Complaints/Parties](#)
[Actions](#)
[Minutes](#)
[Pending Hearings](#)
[Case Report](#)
[Images](#)

Case Type: 
 Case Number:

Case CIVRS1108499 - AC INTERNATIONAL -V- JINFANG PAN

Case CIVRS1108499 - Complaints/Parties

Complaint Number: 0001 — CMP COMPLAINT (UNLIMITED) of AC INTERNATIONAL CORP
Original Filing Date: 09/22/2011
Complaint Status: ACTIVE

Party Number	Party Type	Party Name	Attorney	Party Status
1	PLAINTIFF	AC INTERNATIONAL CORP	JOHN A TKACH	First Paper Fee Paid
2	DEFENDANT	JINFANG PAN	Pro Per	Answer 12/09/2011
3	DEFENDANT	LINGLING ZHANG PAN	Pro Per	Answer 12/09/2011
4	DEFENDANT	JFLY MARKETING CORP	Unrepresented	Answer 12/09/2011
5	DEFENDANT	ECOPRO GROUP INC	Unrepresented	Answer 12/09/2011
6	DEFENDANT	PRIME SCALES GROUP	Unrepresented	Served 11/02/2011
7	DEFENDANT	ELITE SCALES	Unrepresented	Answer 12/09/2011
8	DEFENDANT	CERTIFIED SCALE	Unrepresented	Default 01/23/2012
9	DEFENDANT	H M DISTRIBUTORS INC	Unrepresented	Dismissed 01/23/2012
10	DEFENDANT	BRYTUN LIGHTING CORP	Unrepresented	Answer 12/09/2011

Case CIVRS1108499 - Actions/Minutes



Viewed	Date	Action Text	Disposition	Image
	03/14/2016 8:30 AM DEPT. S25	HEARING RE: BANKRUPTCY STATUS		
N	02/10/2016	BANKRUPTCY STATUS UPDATE FILED.	Not Applicable	
N	09/16/2015	NOTICE OF CONTINUANCE OF BANKRUPTCY STATUS FILED BY AC INTERNATIONAL CORP.	Not Applicable	
	09/14/2015 8:30 AM DEPT. S25	HEARING RE: BANKRUPTCY STATUS	Continued	

EXHIBIT 2

Minutes

KEITH D DAVIS, JUDGE
CLERK: VANESKA DIEDERICH
COURT REPORTER NO REPORTER NONE
COURT ATTENDANT EDWARD ROBLES

-

APPEARANCES:

ATTORNEY JOHN A. TKACH APPEARS BY COURTCALL FOR AC INTERNATIONAL CORP.
DEFENDANT NOT PRESENT.

-

PROCEEDINGS:

PREDISPOSITION HEARING HELD

HEARING CONTINUED AT REQUEST OF PLAINTIFFS COUNSEL.

REASON: BANKRUPTCY IS STILL PENDING. TRUSTEE IS STILL WAITING TO SEE WHAT WILL BE
DONE AND IS

TRYING TO SELL SOME OF THE BUSINESS ASSETS.

-



HEARINGS:

CURRENT HEARING CONTINUED TO 03/14/16 AT 08:30 IN DEPARTMENT S25.

COUNSEL FOR PLAINTIFF TO GIVE NOTICE.

=== MINUTE ORDER END ===

ACTION - COMPLETE

N	08/27/2015	BANKRUPTCY STATUS UPDATE FILED.	Not Applicable	
N	04/10/2015	NOTICE OF RULING ON MTN TO BE RELIEVED AS COUNSEL FILED.	Not Applicable	
	04/09/2015	ORDER GRANTING ATTORNEYS MOTION TO BE RELIEVED AS COUNSEL FILED	Not Applicable	
	04/09/2015 8:30 AM DEPT. S25	MOTION RE: TO BE RELIEVED AS COUNSEL FILED BY DEFENDANT JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP	Pre-D Complete	

Minutes

KEITH D DAVIS, JUDGE
CLERK: JULIE BRIGUGLIO
COURT REPORTER KIMBERLY MORROW 9396
COURT ATTENDANT EDWARD ROBLES

-

APPEARANCES:

JOHN A TKACH FOR AC INTERNATIONAL CORP NOT PRESENT

ATTORNEY IMAN REZA PRESENT FOR JINFANG PAN, LINGLING PAN, JFLY MARKETING, ELITE.

-

MOTION

PREDISPOSITION HEARING HELD

JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, ELITE
SCALES, BRYTUN LIGHTING CORP'S MOTION TO BE RELIEVED AS COUNSEL IS HEARD.

NO OPPOSITION PRESENTED.

-

COURT FINDS:

COUNSEL FOR DEFENDANTS'S MOTION TO BE RELIEVED AS COUNSEL OF RECORD IS
GRANTED.

CUMMINS & WHITE IS RELIEVED AS COUNSEL OF RECORD FOR DEFENDANTS.

JINFANG PAN NOW IN PRO/PER.

LINGLING ZHANG PAN NOW IN PRO/PER.

ORDER SIGNED THIS DATE.


-

HEARINGS:

HEARING DATE OF 09/14/15 CONFIRMED.

EXHIBIT 2

NOTICE TO BE GIVEN BY ATTORNEY REZA.
ACTION - COMPLETE
=== MINUTE ORDER END ===

N	03/26/2015	NOTICE OF INTENT TO APPEAR BY TELEPHONE FILED BY AC INTERNATIONAL CORP.	Not Applicable	
	03/24/2015 8:30 AM DEPT. S25	HEARING RE: BANKRUPTCY STATUS	Continued	

Minutes

KEITH D DAVIS, JUDGE
JUDGE NOT PRESENT, CLERKS CALENDAR
CLERK: JULIE BRIGUGLIO
COURT ATTENDANT ROBERT KRETZMEIER

-
APPEARANCES:



ATTORNEY JOHN A. TKACH APPEARS BY COURTCALL FOR AC INTERNATIONAL CORP.
ATTORNEY IMAN REZA APPEARS BY COURTCALL FOR JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, ELITE SCALES, BRYTUN LIGHTING CORP.

-
PROCEEDINGS:

PREDISPOSITION HEARING HELD
BANKRUPTCY HAS BEEN CONVERTED FROM A CHAPTER 11 TO A CHAPTER 7 AND IS STILL PENDING.

-
HEARINGS:

CURRENT HEARING CONTINUED TO 09/14/15 AT 08:30 IN DEPARTMENT S25.
NOTICE WAIVED.
=== MINUTE ORDER END ===

N	03/16/2015	BANKRUPTCY STATUS LETTER FILED.	Not Applicable	
N	02/18/2015	DECLARATION RE: SUPPORT OF ATTYS MOT TO BE RELIEVED AS COUNSEL FILED BY JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP	Not Applicable	
	02/18/2015	FILING FEE PAID BY JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP FOR MOT TO BE RELIEVED AS COUNSEL	Not Applicable	

Minutes

Receipt: 150218-2837 \$90.00
150218-2837-CK Reference Number 92334




N	02/18/2015	MOTION RE: TO BE RELIEVED AS COUNSEL SET FOR HEARING ON 04/09/15, FILED BY DEFENDANT JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP (IMAGED)	Not Applicable	
	10/30/2014 8:30 AM DEPT. S25	READINESS CALENDAR	VACATED	
	10/21/2014	VACATE READI HEARING SCHEDULED FOR 10/30/14 AT 08:30 IN DEPARTMENT S25.	Not Applicable	
N	10/21/2014	REQUEST AND ORDER TO VACATE TRIAL DATES AND SET BANKRUPTCY STATUS HEARING FILED.	Not Applicable	
	10/15/2014	VOL 3 SENT TO SBJC	Not Applicable	
	10/15/2014	FILING FEE PAID BY AC INTERNATIONAL CORP FOR STIP TO CONTINUE	Not Applicable	

EXHIBIT 2




Minutes

Receipt: 141017-1157 \$20.00
141017-1157-CK Reference Number 13564

	07/09/2014	CASE TRANSFERRED TO NEW DEPARTMENT	Not Applicable	
	06/26/2014 8:30 AM DEPT. S25J	READINESS CALENDAR	VACATED	
N	06/09/2014	STIPULATION RE: AND ORDER TO CONTINUE TRIAL FILED.	Not Applicable	
	06/09/2014	VACATE READI HEARING SCHEDULED FOR 06/26/14 AT 08:30 IN DEPARTMENT S25J.	Not Applicable	
	06/03/2014	FILING FEE PAID BY JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, ELITE SCALES, BRYTUN LIGHTING CORP FOR STIPULATION AND ORDER TO CONTINUE	Not Applicable	

Minutes

Receipt: 140606-0618 \$20.00

N	04/07/2014	NOTICE OF LIEN FILED BY JINFANG PAN, LINGLING ZHANG PAN.	Not Applicable	
	03/20/2014 8:30 AM DEPT. R12	READINESS CALENDAR	VACATED	
N	03/13/2014	NOTICE OF RULING ON EX PARTE APPLICATION FILED.	Not Applicable	
N	03/12/2014	NOTICE IMAGED	Not Applicable	
	03/12/2014	CASE ASSIGNED FOR ALL PURPOSES TO DEPARTMENT S25J		
	03/12/2014 8:30 AM DEPT. R12X	EX PARTE HEARING RE: TO CONTINUE TRIAL DATES	Pre-D Complete	

Minutes

GILBERT OCHOA, JUDGE
CLERK: JULIE BRIGUGLIO
NOT REPORTED
COURT ATTENDANT LAURA SKOPHAMMER

- APPEARANCES:

ATTORNEY JAMES R. WAKEFIELD PRESENT FOR DEFENDANT/RESPONDENT.

-

PROCEEDINGS:

PREDISPOSITION HEARING HELD
EX-PARTE HEARING IS HELD.
REQUESTED ORDERS GRANTED

-

HEARINGS:

VACATE READI HEARING SCHEDULED FOR 03/20/14 AT 08:30 IN DEPARTMENT R12.
SET ON TRIAL READINESS/ASSIGNMENT CALENDAR FOR 06/26/14 AT 08:30 IN DEPARTMENT S25J

FOR TRIAL BEGINNING 06/30/14.

COUNSEL FOR MOVING PARTY TO GIVE NOTICE.

ACTION - COMPLETE

CASE IS RE-ASSIGNED FOR ALL PURPOSES TO DEPARTMENT S25J

EXHIBIT 2




=== MINUTE ORDER END ===				
	03/11/2014	FILING FEE PAID BY JINFANG PAN, LINGLING ZHANG PAN FOR EXPARTE APPLICATION	Not Applicable	
Minutes Receipt: 140311-1084 \$90.00				
N	03/11/2014	EX PARTE APPLICATION TO CONTINUE TRIAL DATE FILED.	Not Applicable	
	12/05/2013 8:30 AM DEPT. R12	READINESS CALENDAR	Pre-D Complete	
Minutes KEITH D DAVIS, JUDGE CLERK: JULIE BRIGUGLIO COURT REPORTER JANE FOLMER 2331 COURT ATTENDANT EDWARD ROBLES - APPEARANCES: ATTORNEY JOHN A. TKACH PRESENT FOR PLAINTIFF/PETITIONER. ATTORNEY JAMES R. WAKEFIELD PRESENT FOR DEFENDANT/RESPONDENT. - PROCEEDINGS: PREDISPOSITION HEARING HELD HEARING CONTINUED AT REQUEST OF PLAINTIFFS COUNSEL. TRIAL ESTIMATE IS 5 DAYS - HEARINGS: SET ON TRIAL READINESS/ASSIGNMENT CALENDAR FOR 03/20/14 AT 08:30 IN DEPARTMENT R12 FOR TRIAL BEGINNING 03/24/14. NOTICE WAIVED. ACTION - COMPLETE === MINUTE ORDER END ===				
	12/04/2013	DEFTS WITNESS LIST FILED.	Not Applicable	
	12/04/2013	EXHIBIT LIST FILED.	Not Applicable	
N	12/04/2013	TRIAL BRIEF FILED BY JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP	Not Applicable	
N	11/27/2013	MOTION IN LIMINE RE: DEF MIL#1-PRECLUDE EVID NOT DISCLOSED IN DISCOVERY FILED.	Not Applicable	
N	11/13/2013	NOTICE OF POSTING JURY FEES FILED BY JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, ELITE SCALES, BRYTUN LIGHTING CORP.	Not Applicable	
	11/13/2013	ADVANCED JURY FEES POSTED FOR JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, ELITE SCALES, BRYTUN LIGHTING CORP.	Not Applicable	
Minutes Receipt: 131113-1247 \$150.00				
N	05/16/2013 8:30 AM DEPT. R12	OSC RE: MEDIATION / CMC	Pre-D Complete	

EXHIBIT 2

Minutes

JANET M FRANGIE, JUDGE
CLERK: STEPHANIE WOMACK
COURT ATTENDANT RICHARD ARAGON

-

APPEARANCES:

ATTORNEY JOHN A TKACH APPEARS BY COURTCALL FOR AC INTERNATIONAL CORP.
ATTORNEY IMAN REZA APPEARS BY COURTCALL FOR JINFANG PAN, LINGLING ZHANG PAN,
JFLY MARKETING CORP, ECOPRO GROUP INC.

-

PROCEEDINGS:

08:52
PREDISPOSITION HEARING HELD
DISCOVERY IS ONGOING.

-

HEARINGS:

SET ON TRIAL READINESS/ASSIGNMENT CALENDAR FOR 12/05/13 AT 08:30 IN DEPARTMENT R12

FOR TRIAL BEGINNING 12/09/13.

COUNSEL ORDERED TO COMPLY WITH THE LOCAL RULES OF COURT FOR TRIAL PURPOSES.




NOTICE WAIVED.

ACTION - COMPLETE

=== MINUTE ORDER END ===

==MINUTE ORDER CHANGED OR CORRECTED BY J BRIGUGLIO; CHANGES MADE ARE AS
FOLLOWS: TO DELETE ELECTRONICALLY RECORDED MINUTES ==

====MINUTE ORDER CORRECTED ON 07/16/13 =====

N	05/01/2013	CASE MANAGEMENT CONFERENCE STATEMENT FILED BY JINFANG PAN.	Not Applicable	
N	04/29/2013	NOTICE OF INTENT TO APPEAR BY TELEPHONE FILED BY AC INTERNATIONAL CORP.	Not Applicable	
N	04/29/2013	CASE MANAGEMENT CONFERENCE STATEMENT FILED BY AC INTERNATIONAL CORP.	Not Applicable	
	02/15/2013 8:30 AM DEPT. R12	OSC RE: MEDIATION / CMC	VACATED	
	02/15/2013 8:30 AM DEPT. R12	OSC RE: MEDIATION / CMC	Continued	

Minutes

KEITH D DAVIS, JUDGE
CLERK: STEPHANIE WOMACK
COURT REPORTER JANE FOLMER 2331
COURT ATTENDANT EDWARD ROBLES

-

APPEARANCES:

ATTORNEY JOHN A TKACH APPEARS BY COURTCALL FOR AC INTERNATIONAL CORP.
ATTORNEY CHARLES MURAWSKI APPEARS BY COURTCALL FOR JINFANG PAN, LINGLING
ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, ELITE SCALES, BRYTUN LIGHTING
CORP.

-

PROCEEDINGS:

PREDISPOSITION HEARING HELD
HEARING CONTINUED FOR THE PURPOSES OF DISCOVERY.
CASE REFERRED TO MEDIATION

-

HEARINGS:

CURRENT HEARING CONTINUED TO 05/16/13 AT 08:30 IN DEPARTMENT R12.

EXHIBIT 2

PARTIES TO FILE UPDATED CMC STATEMENTS IN THE CLERKS OFFICE PRIOR TO THE NEXT HEARING.

NOTICE WAIVED.

ACTION - COMPLETE

=== MINUTE ORDER END ===

	12/31/2012	CASE TRANSFERRED TO NEW DEPARTMENT	Not Applicable	
	12/14/2012	VACATE OSCM HEARING SCHEDULED FOR 02/15/13 AT 08:30 IN DEPARTMENT R12.	Not Applicable	
	12/10/2012 8:30 AM DEPT. R6	OSC RE: MEDIATION / CMC	Continued	

Minutes

KEITH D DAVIS, JUDGE

CLERK: STEPHANIE WOMACK

COURT REPORTER JANE FOLMER 2331

BAILIFF: DAN CLARK

-

APPEARANCES:

ATTORNEY JOHN A TKACH APPEARS BY COURTCALL FOR AC INTERNATIONAL CORP.

ATTORNEY IMAN REZA APPEARS BY COURTCALL FOR JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC.

-

PROCEEDINGS:

PREDISPOSITION HEARING HELD

THE COURT ENCOURAGES COUNSEL TO DISCUSS ATTENDING MEDIATION AND SELECTING A POSSIBLE MEDIATOR.

HEARING CONTINUED FOR THE PURPOSES OF DISCOVERY.

TRIAL DATES WILL BE SET AT THE NEXT HEARING.

-




HEARINGS:

CURRENT HEARING CONTINUED TO 02/15/13 AT 08:30 IN DEPARTMENT R12.

NOTICE WAIVED.

=== MINUTE ORDER END ===

ACTION - COMPLETE

	11/30/2012	CMS TO CALPREP BIN FOR HRG	Not Applicable	
N	11/30/2012	CASE MANAGEMENT CONFERENCE STATEMENT FILED BY JINFANG PAN.	Not Applicable	
N	11/28/2012	CASE MANAGEMENT CONFERENCE STATEMENT FILED BY AC INTERNATIONAL CORP.	Not Applicable	
N	11/28/2012	NOTICE OF INTENT TO APPEAR BY TELEPHONE FILED BY AC INTERNATIONAL CORP.	Not Applicable	
	09/20/2012	NEW VOLUME MADE. VOLUME 1 INCLUDES DOCUMENTS FILED BETWEEN 09/22/11 AND 08/14/12	Not Applicable	
	09/20/2012	NEW VOLUME MADE. VOLUME 2 INCLUDES DOCUMENTS FILED BETWEEN 08/14/12 AND 09/04/12	Not Applicable	
	09/20/2012 8:30 AM DEPT. R6	MOTION RE: TO COMPEL FURTHER RESPONSES TO SPECIAL INTERROGS 08/14/12 FILED BY DEFENDANT JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP, ELITE SCALES	GRANTED	

Minutes

KEITH D DAVIS, JUDGE

CLERK: STEPHANIE WOMACK

COURT REPORTER JANE FOLMER 2331
BAILIFF: DAN CLARK

-

APPEARANCES:
ATTORNEY JOHN A TKACH PRESENT FOR PLAINTIFF/PETITIONER.
ATTORNEY IMAN REZA PRESENT FOR DEFENDANT/RESPONDENT.

-

PROCEEDINGS:
PREDISPOSITION HEARING HELD
JINFANG PAN, LINGLING ZHANG PAN'S MOTION TO COMPEL FURTHER RESPONSES TO SPECIAL
INTERROGS IS HEARD.
COURT GIVES TENTATIVE RULING.
ARGUED BY COUNSEL AND SUBMITTED.

-

COURT FINDS:
JINFANG PAN, LINGLING ZHANG PAN'S MOTION TO COMPEL FURTHER RESPONSES TO SPECIAL
INTERROGS IS GRANTED.

FURTHER RESPONSES SHALL BE PROVIDED ON OR BEFORE 10/22/12 BY THE CLOSE OF
BUSINESS.

THE COURT IMPOSES SANCTIONS ON PLAINTIFF IN THE AMOUNT OF \$ \$1,120.00 PAYABLE TO
DEFENSE COUNSEL ON OR BEFORE 10/22/12.

NOTICE WAIVED.

=== MINUTE ORDER END ===

ACTION - COMPLETE

	09/20/2012 8:30 AM DEPT. R6	MOTION RE: TO COMPEL RESPONSES AND PRODUCTION OF DOCUMENTS 08/14/12 FILED BY DEFENDANT JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP, ELITE SCALES	GRANTED	
--	-----------------------------------	---	---------	--

Minutes

KEITH D DAVIS, JUDGE
CLERK: STEPHANIE WOMACK
COURT REPORTER JANE FOLMER 2331
BAILIFF: DAN CLARK

-

APPEARANCES:
ATTORNEY JOHN A TKACH PRESENT FOR PLAINTIFF/PETITIONER.
ATTORNEY IMAN REZA PRESENT FOR DEFENDANT/RESPONDENT.

-

PROCEEDINGS:
PREDISPOSITION HEARING HELD
JINFANG PAN, LINGLING ZHANG PAN'S MOTION TO COMPEL RESPONSES AND PRODUCTION OF
DOCUMENTS IS HEARD.
COURT GIVES TENTATIVE RULING.
ARGUED BY COUNSEL AND SUBMITTED.

-

COURT FINDS:
JINFANG PAN, LINGLING ZHANG PAN'S MOTION TO COMPEL RESPONSES AND PRODUCTION OF
DOCUMENTS IS GRANTED.

FURTHER RESPONSES AND PRODUCTION OF DOCUMENTS SHALL BE PROVIDED ON OR
BEFORE THE CLOSE OF
BUSINESS ON 10/22/12.

THE COURT IMPOSES SANCTIONS ON PLAINTIFF IN THE AMOUNT OF \$ \$590.00 PAYABLE TO
DEFENSE COUNSEL ON OR BEFORE 10/22/12.

NOTICE WAIVED.

=== MINUTE ORDER END ===

ACTION - COMPLETE


N	09/17/2012			
---	------------	--	--	---

EXHIBIT 2









		REPLY OF AC INTERNATIONAL CORP TO MTN TO COMPEL (PRODUCTION OF DOCUMENTS) FILED	Not Applicable	
N	09/17/2012	REPLY OF AC INTERNATIONAL CORP TO MTN TO COMPEL (INTERROGATORIES) FILED	Not Applicable	
	09/13/2012 8:30 AM DEPT. R6	MOTION RE: TO COMPEL RESPONSES AND PRODUCTION OF DOCUMENTS 08/14/12 FILED BY DEFENDANT JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP, ELITE SCALES	Continued	
Minutes KEITH D DAVIS, JUDGE CLERK: GABRIELA LEE COURT REPORTER JANE FOLMER 2331 COURT ATTENDANT LAURA SKOPHAMMER - APPEARANCES: ATTORNEY JOHN A TKACH (9/11/12) MAKES A TELEPHONIC APPEARANCE ATTORNEY JAMES DENNISON (9/11/12) MAKES A TELEPHONIC APPEARANCE - PROCEEDINGS: PREDISPOSITION HEARING HELD HEARING CONTINUED ON COURTS OWN MOTION AS FOLLOWS - HEARINGS: CURRENT HEARING CONTINUED TO 09/20/12 AT 08:30 IN DEPARTMENT R6. NOTICE GIVEN BY JUDICIAL ASSISTANT VIA TELECOM ACTION - COMPLETE === MINUTE ORDER END ===				
	09/13/2012 8:30 AM DEPT. R6	MOTION RE: TO COMPEL FURTHER RESPONSES TO SPECIAL INTERROGS 08/14/12 FILED BY DEFENDANT JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP, ELITE SCALES	Continued	
Minutes KEITH D DAVIS, JUDGE CLERK: GABRIELA LEE COURT REPORTER JANE FOLMER 2331 COURT ATTENDANT LAURA SKOPHAMMER - APPEARANCES: ATTORNEY JOHN A TKACH (9/11/12) MAKES A TELEPHONIC APPEARANCE ATTORNEY JAMES DENNISSON (9/11/12) MAKES A TELEPHONIC APPEARANCE - PROCEEDINGS: PREDISPOSITION HEARING HELD HEARING CONTINUED ON COURTS OWN MOTION - HEARINGS: CURRENT HEARING CONTINUED TO 09/20/12 AT 08:30 IN DEPARTMENT R6. NOTICE GIVEN BY JUDICIAL ASSISTANT VIA TELECOM ACTION - COMPLETE === MINUTE ORDER END ===				
N	09/06/2012	REPLY TO OPPOSITION TO MOTION RE: COMPEL FURTHER RESPONSES TO REQUEST PROD OF DOCS SET FOR HEARING ON 09/13/12, FILED BY DEFENDANT JINFANG PAN,	Not Applicable	

EXHIBIT 2

		LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP, ELITE SCALES (IMAGED)		
N	09/06/2012	REPLY TO OPPOSITION TO MOTION RE: COMPEL FURTHER RESPONSES SET FOR HEARING ON 09/13/12, FILED BY DEFENDANT JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP, ELITE SCALES (IMAGED)	Not Applicable	
	09/05/2012	OPPOSITION (2) SENT TO LEGAL RESEARCH BIN	Not Applicable	
	09/04/2012	RECORDS TO BE LODGED ONLY. APPLICATION, PROPOSED ORDER & CD CONTAINING RECORDS	Not Applicable	
	09/04/2012	LODGED RECORDS SENT TO LEGAL RESEARCH BIN	Not Applicable	
N	09/04/2012	OPPOSITION TO MOTION RE: TO COMPEL RESPONSES TO SPECIAL INTERROGATORIES SET FOR HEARING ON 09/13/12, FILED BY PLAINTIFF AC INTERNATIONAL CORP (IMAGED)	Not Applicable	
N	09/04/2012	OPPOSITION TO MOTION RE: TO COMPEL FURTHER RESPONSES SET FOR HEARING ON 09/13/12, FILED BY PLAINTIFF AC INTERNATIONAL CORP (IMAGED)	Not Applicable	
N	08/14/2012	SEPARATE STATEMENT IN SUPP OF MTN TO COMPEL SPECIAL INTERROGS FILED. (IMAGED)	Not Applicable	
N	08/14/2012	SEPARATE STMT IN SUPP OF DEFTS MTN TO COMPEL FURTHER RESPONSES FILED. (IMAGED)	Not Applicable	
N	08/14/2012	MOTION RE: TO COMPEL RESPONSES AND PRODUCTION OF DOCUMENTS SET FOR HEARING ON 09/13/12, FILED BY DEFENDANT JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP, ELITE SCALES (IMAGED)	Not Applicable	

Minutes

Receipt: 120814-3205 \$180.00

N	08/14/2012	MOTION RE: TO COMPEL FURTHER RESPONSES TO SPECIAL INTERROGS SET FOR HEARING ON 09/13/12, FILED BY DEFENDANT JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, PRIME SCALES GROUP, ELITE SCALES (IMAGED)	Not Applicable	
	07/30/2012 8:30 AM DEPT. R6	FURTHER CASE MANAGEMENT CONFERENCE	Pre-D Complete	

Minutes

KEITH D DAVIS, JUDGE
CLERK: STEPHANIE WOMACK
COURT REPORTER JANE FOLMER 2331
BAILIFF: DAN CLARK

- APPEARANCES:

ATTORNEY JOHN A TKACH APPEARS BY COURTCALL FOR AC INTERNATIONAL CORP.

ATTORNEY JAMES DENNISSON APPEARS BY COURTCALL FOR JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC.

-

PROCEEDINGS:

CASE MANAGEMENT CONFERENCE HELD.

THE COURT ENCOURAGES COUNSEL TO DISCUSS ATTENDING MEDIATION AND SELECTING A

EXHIBIT 2

MEDIATOR.

-

PARTIES TO FILE UPDATED CMC STATEMENTS IN THE CLERKS OFFICE PRIOR TO THE NEXT HEARING.

-

HEARINGS:

OSC RE: MEDIATION/CMC SET FOR 12/10/12 AT 08:30 IN DEPARTMENT R6

NOTICE WAIVED.

ACTION - COMPLETE

=== MINUTE ORDER END ===

	07/13/2012	CASE MANAGEMENT CONFERENCE STATEMENT FILED BY JINFANG PAN.	Not Applicable	
	07/13/2012	CMS PLACED IN CALPREP BIN	Not Applicable	
	05/31/2012 8:30 AM DEPT. R6	FURTHER CASE MANAGEMENT CONFERENCE	Pre-D Complete	

Minutes

KEITH D DAVIS, JUDGE

CLERK: NANCY CARDOZA

COURT REPORTER JANE FOLMER 2331

COURT ATTENDANT RICHARD UNGER

-

APPEARANCES:

ATTORNEY JOHN A. TKACH APPEARS BY COURTCALL FOR AC INTERNATIONAL CORP.

ATTORNEY IMAN REZA APPEARS BY COURTCALL FOR JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, ELITE SCALES, BRYTUN LIGHTING CORP.

-

PROCEEDINGS:

CASE MANAGEMENT CONFERENCE HELD.

HEARING CONTINUED FOR THE PURPOSES OF DISCOVERY.

COURT WOULD LIKE PARTIES TO DISCUSS PRIVATE MEDIATION.

-

HEARINGS:

FURTHER CASE MANAGEMENT CONFERENCE SET FOR 07/30/12 AT 08:30 IN DEPARTMENT R6

PARTIES TO FILE CMC STATEMENTS IN THE CLERK'S OFFICE 15 DAYS PRIOR TO THE NEXT HEARING.

(UPDATED CASE MANAGEMENT STATEMENTS REQUIRED)

NOTICE WAIVED.

ACTION - COMPLETE

=== MINUTE ORDER END ===

	05/14/2012	CASE MANAGEMENT CONFERENCE STATEMENT FILED BY JINFANG PAN.	Not Applicable	
	05/14/2012	CMCS TO CALPREP BIN FOR HRG 5/31	Not Applicable	
	05/09/2012	CASE MANAGEMENT CONFERENCE STATEMENT FILED BY AC INTERNATIONAL CORP.	Not Applicable	
	02/17/2012 8:30 AM DEPT. R6	CASE MANAGEMENT CONFERENCE	Pre-D Complete	

Minutes

KEITH D DAVIS, JUDGE

CLERK: STEPHANIE WOMACK

COURT REPORTER JANE FOLMER 2331

COURT ATTENDANT RICHARD UNGER

-

EXHIBIT 2

APPEARANCES:
 ATTORNEY JOHN A TKACH APPEARS BY COURTCALL FOR AC INTERNATIONAL CORP.
 ATTORNEY JAMES DENISON APPEARS BY COURTCALL FOR JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, ELITE SCALES, BRYTUN LIGHTING CORP.

-

PROCEEDINGS:
 CASE MANAGEMENT CONFERENCE HELD.
 THE COURT ENCOURAGES COUNSEL TO DISCUSS ANY DISCOVERY DISPUTES AND TO DISCUSS SELECTING A
 MEDIATOR AND SCHEDULED A TENTATIVE MEDIATION DATE.
 HEARING CONTINUED FOR THE PURPOSES OF DISCOVERY.
 COUNSEL TO FILE UPDATED CMC STATEMENTS IN THE CLERKS OFFICE PRIOR TO THE NEXT HEARING.

-

HEARINGS:
 FURTHER CASE MANAGEMENT CONFERENCE SET FOR 05/31/12 AT 08:30 IN DEPARTMENT R6
 NOTICE WAIVED.
 ACTION - COMPLETE
 === MINUTE ORDER END ===

	02/17/2012 8:30 AM DEPT. R6	OSC RE: SERVICE COMPLETION	Off Calendar	
--	-----------------------------------	----------------------------	-----------------	--

Minutes

KEITH D DAVIS, JUDGE
 CLERK: STEPHANIE WOMACK
 COURT REPORTER JANE FOLMER 2331
 COURT ATTENDANT RICHARD UNGER

-

APPEARANCES:
 ATTORNEY JOHN A TKACH APPEARS BY COURTCALL FOR AC INTERNATIONAL CORP.
 ATTORNEY JAMES DENISON APPEARS BY COURTCALL FOR JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, ELITE SCALES, BRYTUN LIGHTING CORP.

-

PROCEEDINGS:
 PREDISPOSITION HEARING HELD
 OFF-CALENDAR. REASON: ALL DEFENDANTS HAVE BEEN SERVED.
 ACTION - COMPLETE
 === MINUTE ORDER END ===

	02/06/2012	CMC SENT TO CAL PREP BIN	Not Applicable	
	02/03/2012	CASE MANAGEMENT CONFERENCE STATEMENT FILED BY AC INTERNATIONAL CORP.	Not Applicable	
	02/02/2012	CASE MANAGEMENT CONFERENCE STATEMENT FILED BY JINFANG PAN.	Not Applicable	
	01/23/2012	REQUEST TO ENTER DEFAULT AGAINST CERTIFIED SCALE FILED.	Not Applicable	
	01/23/2012	DEFAULT ENTERED ON COMPLAINT (UNLIMITED) FILED 09/22/2011 OF AC INTERNATIONAL CORP AS TO CERTIFIED SCALE.	Not Applicable	
	01/23/2012	DISMISSAL FILED AS TO H M DISTRIBUTORS INC, WITHOUT PREJUDICE	Not Applicable	
	12/22/2011 8:30 AM DEPT. R6	OSC RE: SERVICE COMPLETION	Continued	

Minutes

BEN T KAYASHIMA, JUDGE

CLERK: STEPHANIE WOMACK
COURT REPORTER NO REPORTER NONE
COURT ATTENDANT RICHARD ARAGON

-

APPEARANCES:

ATTORNEY S OFFICE BY PHONE ON 12/20/11 (CAROL) PRESENT FOR PLAINTIFF/PETITIONER.

-

PROCEEDINGS:

HEARING CONTINUED AT REQUEST OF COUNSEL TO FILE DISMISSAL OF REMAINING DEFENDANT.

-

HEARINGS:

CURRENT HEARING CONTINUED TO 02/17/12 AT 08:30 IN DEPARTMENT R6.

ACTION - COMPLETE

=== MINUTE ORDER END ===



	12/09/2011	ON COMPLAINT (UNLIMITED) FILED 09/22/2011 OF AC INTERNATIONAL CORP FOR BRYTUN LIGHTING CORP, ADD PRIME SCALES GROUP.	Not Applicable	
N	12/09/2011	ANSWER FILED BY JINFANG PAN, LINGLING ZHANG PAN, JFLY MARKETING CORP, ECOPRO GROUP INC, ELITE SCALES, BRYTUN LIGHTING CORP; PARTY REPRESENTED BY CUMMINS & WHITE.	Not Applicable	
Minutes Receipt: 111209-3033 \$2,370.00				
	12/07/2011	PROOF OF SUB-SERVICE OF SUMMONS AND COMP/PET AS TO JINFANG PAN SERVED ON 10/11/11 WITH FEES OF \$75.00.	Not Applicable	
	12/05/2011	ANSWER IS RETURNED BY COURT FOR THE FOLLOWING REASON(S): PARTIES ANSWERING MUST MATCH EXACTLY AS THEY WERE SUED OR STATE ERRONEOUSLY SUED AS.	Not Applicable	
	12/02/2011	ANSWER IS RETURNED BY COURT FOR THE FOLLOWING REASON(S): MUST ANSWER EXACTLY AS SUED OR ANSWER ERRONEOUSLY SUED AS.	Not Applicable	
	11/10/2011	PROOF OF SERVICE IS RETURNED BY COURT FOR THE FOLLOWING REASON(S): NAME SERVED MUST MATCH EXACTLY AS SUED.	Not Applicable	
	11/07/2011	PROOF OF SUB-SERVICE OF SUMMONS AND COMP/PET AS TO JFLY MARKETING CORP SERVED ON 10/10/11 WITH FEES OF \$75.00.	Not Applicable	
	11/07/2011	PROOF OF SERVICE OF SUMMONS & COMPLAINT FILED AS TO ELITE SCALES. PARTY SERVED ON 11/02/11. TYPE OF SERVICE IS PERSONAL. WITH FEES OF \$75.00.	Not Applicable	
	11/07/2011	PROOF OF SERVICE OF SUMMONS & COMPLAINT FILED AS TO CERTIFIED SCALE. PARTY SERVED ON 11/02/11. TYPE OF SERVICE IS PERSONAL. WITH FEES OF \$75.00.	Not Applicable	
	11/07/2011	PROOF OF SERVICE OF SUMMONS & COMPLAINT FILED AS TO PRIME SCALES GROUP. PARTY SERVED ON 11/02/11. TYPE OF SERVICE IS PERSONAL. WITH FEES OF \$75.00.	Not Applicable	
	11/07/2011	PROOF OF SERVICE OF SUMMONS & COMPLAINT FILED AS TO ECOPRO GROUP INC. PARTY SERVED ON 11/02/11. TYPE OF SERVICE IS PERSONAL. WITH FEES OF \$75.00.	Not Applicable	
	11/07/2011		Not Applicable	

EXHIBIT 2

		PROOF OF SUB-SERVICE OF SUMMONS AND COMP/PET AS TO BRYTUN LIGHTING CORP SERVED ON 10/10/11 WITH FEES OF \$75.00.		
	11/07/2011	PROOF OF SUB-SERVICE OF SUMMONS AND COMP/PET AS TO LINGLING ZHANG PAN SERVED ON 10/10/11 WITH FEES OF \$75.00.	Not Applicable	
	09/23/2011	FEE PAYMENT	Not Applicable	
Minutes Receipt: 110923-0492 \$33.00				
N	09/22/2011	COMPLAINT/PETITION IMAGED	Not Applicable	
	09/22/2011	SUMMONS ISSUED ON COMPLAINT (UNLIMITED) FILED 09/22/2011 OF AC INTERNATIONAL CORP - ORIGINAL FILED IN COURT FILE.	Not Applicable	
	09/22/2011	CIVIL CASE COVER SHEET FILED.	Not Applicable	
	09/22/2011	COMPLAINT AND PARTY INFORMATION ENTERED	Not Applicable	
Minutes Receipt: 110922-2189 \$395.00 110922-2189-CK Reference Number 12514				
	09/22/2011	CASE ASSIGNED FOR ALL PURPOSES TO DEPARTMENT R6		
	09/22/2011	NOTICE IMAGED	Not Applicable	

Case CIVRS1108499 - Pending Hearings

Date	Action Text	Disposition	Image
03/14/2016 8:30 AM DEPT. S25	HEARING RE: BANKRUPTCY STATUS		

Print this Report

EXHIBIT 2

EXHIBIT 3

Appellate Courts Case Information

CALIFORNIA COURTS
THE JUDICIAL BRANCH OF CALIFORNIA

4th Appellate District Division 2

Change court

Court data last updated: 02/17/2016 03:31 PM

Docket (Register of Actions)

Ping Pan v. AC International Corporation
Case Number E061100

Date	Description	Notes
05/07/2014	Notice of appeal lodged/received.	dtd Apr 30, 2014; AC International Corporation
05/14/2014	Appellant 's notice designating record on appeal filed in trial court on:	May 9, 2014
05/20/2014	Default letter sent; no case information statement filed.	
05/21/2014	Appellant 's notice designating record on appeal filed in trial court on:	First Amended dtd May 19, 2014
05/23/2014	Civil case information statement filed.	
06/05/2014	To presiding justice for signature.	proposed order
06/06/2014	Order filed.	All proceedings in the appeal are stayed until further order of this court. Applt is directed to serve/file a ltr with this court on or before Sep 2, 2014, informing the court of the status of the bankruptcy.
09/03/2014	Bankruptcy Update Letter received from:	Cnsl for applt dtd Sep 3, 2014 (per court's order of Jun 6, 2014)
09/03/2014	To court.	Letter dtd Sep 3, 2014 & misc. file folder
09/05/2014	To presiding justice for signature.	proposed order
09/08/2014	Order filed.	Stay previously ordered on Jun 6, 2014, shall remain in effect until further order of this court. Applt is directed to serve/file a ltr informing the court of the

EXHIBIT 3

Case 6:14-bk-14692-SY Doc 364 Filed 04/29/16 Entered 04/29/16 12:11:25 Desc

Main Document Page 66 of 76

		status of bankruptcy on or before Oct 17, 2014.
10/15/2014	Bankruptcy Update Letter received from:	cnslf for applt dtd Oct 15, 2014 (per 9/8/14 order)
10/15/2014	To court.	Letter re bankruptcy status & misc. file folder
10/20/2014	Order filed.	Stay previously ordered shall remain in effect. Appellant's letter re status of bankruptcy is due on or before Jan 15, 2015.
01/13/2015	Bankruptcy Update Letter received from:	appellant, per order of Oct 20, 2014
01/13/2015	To court.	misc. file folder & ltr dtd Jan 13, 2015
01/15/2015	To presiding justice for signature.	proposed order
01/16/2015	Order filed.	Stay previously ordered on Jun 6, , 2014, shall remain in effect until further order of this court. Applt is directed to serve/file on or before Feb 15, 2015, a ltr informing this court of the status of the bankruptcy.
02/10/2015	Bankruptcy Update Letter received from:	Appltd Feb 10, 2015.
02/11/2015	To court.	Bank update ltr & file folder.
02/11/2015	To presiding justice for signature.	proposed order
02/18/2015	Order filed.	Appltd is directed to serve/file a ltr informing the court of the status of the bankruptcy on or before Apr 6, 2015.
03/18/2015	Bankruptcy Update Letter received from:	Appltd Mar 18, 2015
03/18/2015	To court.	misc. file folder & bankruptcy update ltr dtd Mar 18, 2015.
03/20/2015	To presiding justice for signature.	proposed order
03/23/2015	Order filed.	Stay previously ordered on Jun 6, 2015 shall remain in effect until further order of this court. Appltd is directed to serve/file on or before Jul 6, 2015, a letter with the clerk of this court informing the court of the sttus of the bankruptcy.
07/01/2015	Bankruptcy Update Letter received from:	Appltd Jul 1, 2015 per court's order of Mar 23, 2015
07/01/2015	To court.	misc. file & ltr dtd Jul 1, 2015
07/06/2015	To presiding justice for signature.	proposed order

EXHIBIT 3

07/08/2015	Order filed.	Stay previously ordered on Jun 6, 2014, shall remain in effect until further order of this court. Applt is directed to serve/file no later than Oct 6, 2015, a letter informing the court of the status of the bankruptcy.
09/09/2015	Bankruptcy Update Letter received from:	Applt dtd Sep 9, 2015
09/09/2015	To court.	letter dtd Sep 9, 2015 and misc. file folder
09/11/2015	To presiding justice for signature.	proposed order
09/14/2015	Order filed.	The stay previously ordered on Jun 6, 2014 shall remain in effect. Applt directed to serve/file on or before Jan 6, 2016, a letter re status of the bankruptcy.
09/21/2015	Motion filed.	Motion to be relieved as counsel for respondent
09/21/2015	To court.	motion to be relieved as counsel for respondent
11/02/2015	To presiding justice for signature.	proposed order
11/04/2015	Order filed.	The motion to be relieved as counsel for respondent is granted, and James R. Wakefield and Iman Reza and the law firm of Cummins & White, LLP are discharged as counsel of record for respondent. Clk is directed to mail a copy of this order to respondent.
12/04/2015	Bankruptcy Update Letter received from:	Applt dtd Dec 4, 2015
12/04/2015	To court.	misc. file & bankruptcy letter dtd Dec 4, 2015
12/08/2015	To presiding justice for signature.	proposed order
12/09/2015	Order filed.	Applt is directed to serve/file on or before Apr 6, 2016, a letter informing the court of the status of the bankruptcy.
12/23/2015	Mail returned and re-sent.	Courts order of Dec 9, 2015 to respondent
01/07/2016	Mail returned, unable to forward.	order of Dec 9, 2015 addressed to Resp.; no mail receptacle-unable to forward.

[Click here](#) to request automatic e-mail notifications about this case.

Case 6:14-bk-14692-SY Doc 364 Filed 04/29/16 Entered 04/29/16 12:11:25 Desc
Main Document Page 68 of 76

EXHIBIT 3

EXHIBIT 4

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the “Agreement”) is made as of April ___, 2016, by and between Sam S. Leslie, solely in his capacity as Chapter 7 Trustee (“Trustee” or “Seller”) for the bankruptcy estate (“Estate”) of AC International Corporation dba Digiweigh (“Debtor”) in the case entitled *In re AC International Corporation dba Digiweigh*, Case No. 6:14-bk-14692-SY, on the one hand, and Ping Pan (“Ping”) and Jinfang Pan aka Edward Pan (“Edward”, together with Ping, “Buyers”), individuals, on the other hand (collectively referred to herein as the “Parties” or may sometimes be referred to individually as “Party”).

I. RECITALS

This Agreement is made by the Parties hereto with reference to the following facts:

1.1 The Debtor filed a Voluntary Petition for relief under Chapter 11 of the Bankruptcy Code on April 10, 2014 (“Petition Date”). The bankruptcy case is entitled *In re AC International Corporation dba Digiweigh*, Case No. 6:14-bk-14692-SY (“Bankruptcy Case”), pending in the United States Bankruptcy Court for the Central District of California, Riverside Division (“Bankruptcy Court”).

1.2 On January 21, 2015 (Docket No. 147), the Court entered an order directing the United States Trustee to appoint a Chapter 11 trustee. The United States Trustee appointed Sam S. Leslie as the Chapter 11 trustee, which appointment was approved by the Court pursuant order entered January 27, 2015 (Docket No. 156).

1.3 Given the absence of any prospect for a traditional reorganization under Chapter 11 and given uncertainties about the state of the business and the ability to pay Chapter 11 administrative expenses, the Trustee filed an emergency motion to convert the case to one under Chapter 7 (Docket No. 160) and the order granting that motion was entered on February 5, 2015 (Docket No. 175). Sam S. Leslie has been appointed as the Chapter 7 Trustee.

Edward State Court Action

1.4 On September 22, 2011, the Debtor filed a Complaint (“Edward Complaint”) against Jinfang Pan aka Edward Pan and several other defendants in the Superior Court of California for the County of San Bernardino, titled *AC International Corp., a California corporation v. Jinfang Pan aka Edward Pan, an individual, Lingling Zhuang Pan aka Lillian Zhang Pan, an individual; JFLY Marketing Corp., a California corporation; ECOPRO Group, Inc., a California corporation; Prime Scales Group, an unknown business form; Elite Scales, an unknown business form; Certified Scale, an unknown business form; H.M. Distributors, Inc., a California corporation; Brytun Lighting Corp., a California corporation and DOES 1-100, inclusive*, Case No. CIV RS 1108499 (“Edward State Court Action”).

1.5 The Edward Complaint alleges causes of action for: (1) breach of fiduciary duty; (2) misappropriation of trade secrets; (3) intentional interference with prospective economic advantage; (4) negligent interference with prospective economic advantage; (5) conversion; (6) for money had and received; (7) imposition of constructive trust and accounting; (8) action against corporation and its controlling shareholder(s) on corporate obligation – corporation as alter ego of controlling shareholder(s); and (9) breach of oral contract.

///

1.6 On December 9, 2011, Edward, Lingling Zhang Pan (“Lingling”) and Brytun Lighting Corp. (“Brytun”) filed their Answers to the Edward Complaint.

1.7 On the Debtor’s Schedule B, the Debtor lists a “claim against Jinfang Pan for unfair competition and embezzlement.” Further, on the Debtor’s Statement of Financial Affairs (“SOFA”), Question No. 4, the Debtor lists the Edward State Court Action. On its SOFA, the Debtor describes the Edward State Court Action as a civil complaint for violation of trade secrets and embezzlement. The status of the Edward State Court Action is listed as “pending.”

1.8 On March 14, 2016, a status conference is scheduled in the Edward State Court Action regarding the status of the Bankruptcy Case.

Ping Appeal

1.9 On February 9, 2012, Ping Pan filed a Verified Complaint for Damages (“Ping Complaint”) against the Debtor in the Superior Court of California for the County of San Bernardino, titled *Ping Pan v. AC International Corporation*, Case No. CIVS RS 1204048 (“Ping State Court Action”). The Ping Complaint alleges causes of action for: (1) breach of contract; (2) account stated; (3) open book account; and (4) quantum valebant.

1.10 On March 25, 2014, the State Court filed a Statement of Decision and Judgment in the Ping State Court Action regarding the bench trial held on February 18, 2014 and February 20, 2014 (“Statement of Decision”). That same day, the State Court entered a judgment in favor of Ping and against the Debtor as to unjust enrichment in the amount of \$1,146,045.70. Consistent with the forgoing, on the Debtor’s SOFA, Question No. 4, the Debtor lists the following state court action, *Ping Pan v. AC International Corporation*, Case No. CIVRS 1201048 (“Ping Pan Lawsuit”), filed in the Superior Court of California, County of San Bernardino, Rancho Cucamonga Court. On its SOFA, the Debtor describes the Ping Pan Lawsuit as a civil complaint for unjust enrichment. The status of the Ping Pan Lawsuit is listed as a judgment for plaintiff entered on March 25, 2014.

1.11 On the Debtor’s Schedule D, the Debtor lists Ping Pan as a creditor and states that he has a statutory lien per California Code of Civil Procedure Section 708.410. The Debtor includes a statement that it has a “claim against Jinfang Pan for unfair competition and embezzlement.” Further, on the Debtor’s Schedule F, the Debtor lists a judgment in favor of Ping Pan in the amount of \$1,146,045.00.

1.12 On May 7, 2014, the Debtor filed a Notice of Appeal in the California Appellate Court, 4th Appellate District, Division 2, commencing *Pan v. AC International Corporation*, Case Number E061100 (“Ping Appeal”).

1.13 Seller, solely in his capacity as Trustee for the Debtor’s Estate, desires to sell the Estate’s interest in the claims against Edward, Lingling and Brytun in the Edward State Court Action (“Edward State Court Claims”) and the Estate’s interest in the Ping Appeal, free and clear of all liens, claims, encumbrances, charges, and interests, in exchange for the consideration described herein.

///

///

///

II. AGREEMENT

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the adequacy of which is hereby acknowledged by each party hereto, and in consideration of the mutual promises and covenants set forth below, the Parties hereto agree as follows:

2.1 Payment. The Trustee agrees to sell, and the Buyers agree to purchase, the Edward State Court Claims and the Estate's interest in the Ping Appeal, for Seven Thousand Dollars (\$7,000.00) (the "Payment") on an "as is where is" basis, without any warranties either express or implied, in immediately available and good funds via cashier's check, or an amount as increased by a successful overbid to be paid by the Buyers (provided Buyers are the successful bidder) upon the entry of a Final Order (defined below). The Buyers will provide the Payment to the Trustee as follows:

2.1.1 Concurrent with the execution of this Agreement, in immediately available funds, the Buyers shall pay a good faith deposit of One Thousand Dollars (\$1,000.00) ("Good Faith Deposit"). The Good Faith Deposit shall be made payable to "Sam S. Leslie, Chapter 7 Trustee for the bankruptcy estate of AC International Corporation" and shall be mailed to the attention of Sam S. Leslie, Chapter 7 Trustee, 3435 Wilshire Blvd., Suite 990, Los Angeles, CA 90010. The Good Faith Deposit shall be held by the Trustee and shall only be refundable if the Bankruptcy Court does not approve this Agreement and/or the Buyers are not the successful overbidder. If the Bankruptcy Court approves this Agreement, the Good Faith Deposit shall then become property of the Estate. If the Bankruptcy Court does not approve the Agreement and/or the Buyers are not the successful overbidder, then the Good Faith Deposit shall be immediately returned to the Buyers.

2.1.2 If the Buyers are the successful overbidders, the Deposit shall be applied to the Payment. The Payment less the Deposit ("Balance Payment") is due immediately upon entry of the Final Order. The Balance Payment shall be made payable to "Sam S. Leslie, Chapter 7 Trustee for the bankruptcy estate of AC International Corporation" and shall be mailed to the attention of Sam S. Leslie, Chapter 7 Trustee, 3435 Wilshire Blvd., Suite 990, Los Angeles, CA 90010. Upon receipt of the Payment and entry of a Final Order, the Trustee shall release the Edward State Court Claims and the Estate's interest in the Ping Appeal.

2.2 Court Approval. The Agreement is subject to overbid and Bankruptcy Court approval under 11 U.S.C. § 363 at a hearing noticed to creditors of the Debtors (the "Sale Hearing"). The term "Final Order" shall mean an order entered by the Bankruptcy Court at the Sale Hearing which approves this Agreement without modification, and which is not the subject of a stay or a notice of appeal for a period of fourteen (14) days after the date of its entry ("Final Order"). The Parties obligation to consummate the Agreement is conditioned upon the entry of a Final Order by the Court approving the Agreement.

2.3 Overbids. Overbids shall be in minimum increments of \$500.00. The overbidder must tender a Bid Deposit of \$1,000.00 in the form of certified funds to the Trustee's counsel on or before the Sale Hearing in order to bid for the Estate's interest in the Edward State Court Action and Ping Appeal. If the overbidder is the successful bidder for the Estate's interest in the Edward State Court Action and Ping Appeal at the Sale Hearing, the Bid Deposit of said overbidder shall be non-refundable and forfeited, if the successful overbidder fails to consummate the sale.

2.4 Warranties. Each party warrants that: she/he/it has full authority to enter into this Agreement; that she/he/it has not assigned or conveyed her/his/its rights to any claim released herein to any other person; that she/he/it is executing this Agreement voluntarily and providing consent unaffected by duress or undue influence; that she/he/it has read this entire Agreement, paragraph by paragraph, and

executes it only after being fully advised by counsel; that she/he/it fully understands the meaning of each term in this Agreement and fully understands that this Agreement is a full, final, and complete and integrated Agreement which can only be modified in a written document signed by all of the executing Parties; that she/he/it has neither received nor relied on any promises or representations outside the terms of this Agreement and agrees that none may be offered as evidence of the executing Parties' intentions herein.

2.5 Purchases without Warranties. Buyers acknowledge that they are purchasing the Estate's interest in the Edward State Court Action and Ping Appeal on an "as is, where is" basis, without any warranties, either express or implied. Buyers forever waive, for themselves, their heirs, successors and assigns, all claims against the Trustee, his attorneys, agents and employees, arising or which might otherwise arise in the future concerning the Estate's interest in the Edward State Court Action and Ping Appeal.

2.6 Trustee's Liability. Buyers acknowledge that the Trustee is acting in his official capacity only. No professional liability shall be sought or enforced against the Trustee with regard to the Agreement. In the event that the Trustee fails or refuses to complete the transaction for any reason, then the limit of the Trustee's liability is only to return the money tendered to the Trustee by Buyers.

2.7 Retention of Jurisdiction. The Bankruptcy Court shall retain jurisdiction to consider any dispute arising out of this Agreement or the performance thereof.

2.8 General Provisions.

2.8.1 Additional Documents. Each Party shall, on request of the other Party, take such actions and execute such documents as may be reasonably necessary to carry out the purpose of this Agreement.

2.8.2 Applicable Law. This Agreement shall be interpreted and construed in accordance with the laws of the State of California.

2.8.3 Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the Parties and their respective successors and assigns.

2.8.4 Entire Agreement. This Agreement may be amended, altered, waived, or cancelled, in whole or part, only by a writing signed by all Parties.

2.8.5 Recitals. Each term of this Agreement is contractual and not merely a recital.

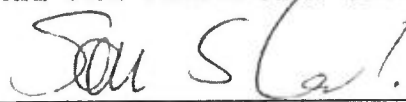
2.8.6 Counterparts. This Agreement may be signed in counterparts, all of which together shall constitute one document.

2.8.7 Drafting. This Agreement has been negotiated at arm's length between persons (or their representatives) sophisticated and knowledgeable in the matters dealt with in this Agreement. Accordingly, any rule of law (including California Civil Code, Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted it is not applicable and is hereby waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the Parties and this Agreement.

2.8.8 Attorneys' Fees. In the event any claim, dispute and/or litigation arises out of this Agreement, the prevailing party shall be entitled to recovery of its attorneys' fees and costs incurred in prosecuting or defending said claim, dispute and/or litigation.

BY SIGNING THIS AGREEMENT WHERE INDICATED BELOW, I CERTIFY THAT I HAVE READ THE FOREGOING AGREEMENT IN ITS ENTIRETY, THAT I FULLY UNDERSTAND ALL THE WORDS, LANGUAGE, TERMS AND CONDITIONS CONTAINED HEREIN AND THAT I AGREE TO BE BOUND BY ALL THE TERMS AND CONDITIONS SET FORTH HEREIN.

Dated: April 28, 2016



Sam S. Leslie, Chapter 7 Trustee for the bankruptcy estate of AC International Corporation dba Digiweigh

Dated: April __, 2016

Ping Pan

Dated: April __, 2016

Jinfang Pan aka Edward Pan

APPROVED AS TO FORM:

SHULMAN HODGES & BASTIAN LLP

Dated: April 29, 2016



Leonard M. Shulman

Lynda T. Bui

Rika M. Kido

Attorneys for Sam S. Leslie, Chapter 7 Trustee for the bankruptcy estate of AC International Corporation dba Digiweigh

REID & HELLYER

Dated: April __, 2016

Douglas Plazak
Attorney for Ping Pan and Jinfang Pan

2.8.8 Attorneys' Fees. In the event any claim, dispute and/or litigation arises out of this Agreement, the prevailing party shall be entitled to recovery of its attorneys' fees and costs incurred in prosecuting or defending said claim, dispute and/or litigation.

BY SIGNING THIS AGREEMENT WHERE INDICATED BELOW, I CERTIFY THAT I HAVE READ THE FOREGOING AGREEMENT IN ITS ENTIRETY, THAT I FULLY UNDERSTAND ALL THE WORDS, LANGUAGE, TERMS AND CONDITIONS CONTAINED HEREIN AND THAT I AGREE TO BE BOUND BY ALL THE TERMS AND CONDITIONS SET FORTH HEREIN.

Dated: April __, 2016

Sam S. Leslie, Chapter 7 Trustee for the bankruptcy
estate of AC International Corporation dba Digiweigh

Dated: April 19, 2016

Ping Pan

Dated: April 22, 2016

Jinfang Pan aka Edward Pan

APPROVED AS TO FORM:

SHULMAN HODGES & BASTIAN LLP

Dated: April __, 2016

Leonard M. Shulman
Lynda T. Bui
Rika M. Kido
Attorneys for Sam S. Leslie, Chapter 7 Trustee for
the bankruptcy estate of AC International Corporation
dba Digiweigh

REID & HELLYER

Dated: April __, 2016

Douglas Plazak
Attorney for Ping Pan and Jinfang Pan

2.8.8 Attorneys' Fees. In the event any claim, dispute and/or litigation arises out of this Agreement, the prevailing party shall be entitled to recovery of its attorneys' fees and costs incurred in prosecuting or defending said claim, dispute and/or litigation.

BY SIGNING THIS AGREEMENT WHERE INDICATED BELOW, I CERTIFY THAT I HAVE READ THE FOREGOING AGREEMENT IN ITS ENTIRETY, THAT I FULLY UNDERSTAND ALL THE WORDS, LANGUAGE, TERMS AND CONDITIONS CONTAINED HEREIN AND THAT I AGREE TO BE BOUND BY ALL THE TERMS AND CONDITIONS SET FORTH HEREIN.

Dated: April __, 2016

Sam S. Leslie, Chapter 7 Trustee for the bankruptcy
estate of AC International Corporation dba Digiweigh

Dated: April __, 2016

Ping Pan

Dated: April __, 2016

Jinfang Pan aka Edward Pan

APPROVED AS TO FORM:

SHULMAN HODGES & BASTIAN LLP

Dated: April __, 2016

Leonard M. Shulman
Lynda T. Bui
Rika M. Kido
Attorneys for Sam S. Leslie, Chapter 7 Trustee for
the bankruptcy estate of AC International Corporation
dba Digiweigh

REID & HELLYER

Dated: April 22, 2016



Douglas Plazak
Attorney for Ping Pan and Jinfang Pan